

1/19/78

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Brzezinski & Press to Pres. Carter, 10 pp. re: Carbon fibers opened per RAC NLC-126-11-8-1-0, 3/26/13	1/18/78	A
Memo	Brzezinski to Pres. Carter, 9 pp., re: Ocean pollution opened per RAC NLC-126-11-8-2-9, 3/26/13	1/13/78	A
Memo	Griffin Bell to Pres. Carter, 3 pp., re: personal matter Open 8/6/93	1/19/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of the Staff Sec.-Pres. Handwriting
File 1/19/78 BOX 68

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

Thursday - January 19, 1978

8:15 Dr. Zbigniew Brzezinski - The Oval Office.

8:45
(15 min.) Congressman Richard Bolling. (Mr. Frank Moore).
The Oval Office.

9:30
(15 min.) Senator Russell Long. (Mr. Frank Moore).
The Oval Office. *3:00 - Regina*

10:15
(15 min.) Congressman John J. Rhodes. (Mr. Frank Moore).
The Oval Office. *Ann
Patterson*

10:30 Mr. Jody Powell - The Oval Office.

12:30 Lunch with Mrs. Rosalynn Carter - The Oval Office.

8:42 Depart South Grounds via Motorcade
en route The Capitol Building.

9:00 Deliver State of the Union Message.

9:48 Return to the White House.

10:00 Reception for Iowa Friends - The State Floor.

THE WHITE HOUSE
WASHINGTON

January 19, 1978

Bob Lipshutz
Jack Watson
Peter Bourne

The attached was returned in the President's outbox and is forwarded to you for your information. The Attorney General has been provided with a copy.

Rick Hutcheson

NICKY BARNES

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

cc Ag Bell

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
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<input type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
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<input type="checkbox"/>	H. CARTER
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<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
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<input type="checkbox"/>	STRAUSS
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<input type="checkbox"/>	WARREN



THE PRESIDENT HAS SEEN.

Office of the Attorney General
Washington, D.C.

January 19, 1978

*Griffin -
My congratulations
to all of you!
J. C.*

MEMORANDUM FOR THE PRESIDENT

From: Griffin B. Bell
Attorney General

I have just learned that
Mr. Nicky Barnes was just sentenced:

life imprisonment and

\$100,000.00 fine.

Griffin B. Bell

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

January 19, 1978

Sec. Schlesinger

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat

RE: ANALYSIS OF HUMATEC FUEL

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

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<input type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
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<input type="checkbox"/>	CAB DECISION
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<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE WHITE HOUSE
WASHINGTON

1/18/78

Mr. President:

No comment from
Eizenstat's office.

Rick



THE PRESIDENT HAS SEEN.

ok
J

Department of Energy
Washington, D.C. 20585

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN F. O'LEARY *o'leary 1-16-78*
ACTING SECRETARY OF ENERGY

SUBJECT: ANALYSIS OF HUMATEC FUEL

I am responding to your recent request that the Department of Energy evaluate materials which Senator Humphrey submitted to you concerning a possible new energy source. Senator Humphrey and his staff have been strongly encouraging DOE to support the development by HUMATEC, Inc. of a new fuel that purportedly will have a major impact substituting for oil and coal. The fuel allegedly (a) is made from abundant raw materials, (b) costs \$2.00-2.50/MMBTU which compares favorably with oil and scrubbed coal, (c) has the very high heating values of 21,900 BTU/pound, and (d) is environmentally benign.

The inventors appear genuinely convinced that a "breakthrough" has been achieved and are concerned with maintaining secrecy about their process. In an effort to proceed constructively, ERDA agreed to have an outside consultant evaluate the process and submit recommendations without divulging the chemical identity of the fuel or the process to the agency. The consultant validated experimentally the heating value of the fuel, accomplished a bench scale synthesis, and performed an economic analysis of the costs. While the consultant knows the process and the chemical composition of the raw materials, fuel and combustion products, he acknowledges to DOE's Director of Energy Research that he cannot successfully complete an energy balance for the process.

The inventors are seeking highly unusual contract arrangements in order to proceed: an initial contract of over \$3 million, pre-contract preparation fees, waiver of patent rights and audit requirements. It would be legally possible to take such steps, which could be justified if the alleged attributes of

the fuel are true. The Department cannot proceed responsibly unless some DOE officials have knowledge of the process and have made a technical determination of the merits of the proposed new fuel. The inventors and George Tyler of Senator Humphrey's staff are unwilling to divulge further information to any DOE official without direct assurance from the Secretary of Energy that the conditions outlined above would be met if a favorable technical determination were made. The Department has given careful high-level attention to this matter since it was raised in close cooperation with Senator Humphrey's staff.

Recommendation

DOE should not proceed without revelation of the technical characteristics of the fuel. The proprietary interests of HUMATEC will be scrupulously respected by DOE and an honest, technically competent evaluation will be rapidly undertaken. DOE will proceed vigorously to develop the fuel as merited by the results of the technical evaluation and will agree to the above enumerated conditions, except those associated with audit of the project.

202

THE WHITE HOUSE
WASHINGTON
January 17, 1978

The Vice President
Stu Eizenstat (Att. Kitty Schirmer)
Frank Moore (Les Francis)
Jim McIntyre

The attached is forwarded to
you for your information.

Rick Hutcheson

ANALYSIS OF HUMATEC FUEL

*Filed for
Kitty's
comment*

ID 780123

THE WHITE HOUSE

WASHINGTON

DATE: JAN 12 78

FOR ACTION:

110417
O'Leary
was widow
& is submit
on Mon 1/16

To PRES
FBI
Ch of 14th
was he back at
4:30 pm
→

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT (KITTY SCHIRMER)

FRANK MOORE (LES FRANCIS)

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT O'LEARY MEMO UNDATED RE ANALYSIS OF HUMATEC FUEL

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY

JAN 12 78

ACTION REQUESTED: THIS MEMO IS FORWARDED TO YOU FOR YOUR INFORMATION

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

not submitted

new
revision
read
1-17

THE WHITE HOUSE
WASHINGTON

FOR STAFFING

FOR INFORMATION

FROM PRESIDENT'S OUTBOX

LOG IN/TO PRESIDENT ~~TODAY~~

IMMEDIATE TURNAROUND *7:00*

ACTION	FYI	
		MONDALE
		COSTANZA
		ETZENSTAT <i>with Kitty Schumme</i>
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

ENROLLED BILL

AGENCY REPORT

CAB DECISION

EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
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	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



Department of Energy
Washington, D.C. 20585

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JOHN F. O'LEARY *5/24/1-11-78*
ACTING SECRETARY OF ENERGY

SUBJECT: ANALYSIS OF HUMATEC FUEL

I am responding to your recent request that the Department of Energy evaluate materials which Senator Humphrey submitted to you concerning a possible new energy source. Senator Humphrey and his staff have been strongly encouraging DOE to support the development by HUMATEC, Inc. of a new fuel that purportedly will have a major impact substituting for oil and coal. The fuel allegedly (a) is made from abundant raw materials, (b) costs \$2.00-2.50/MMBTU which compares favorably with oil and scrubbed coal, (c) has the very high heating values of 21,900 BTU/pound, and (d) is environmentally benign.

The inventors appear genuinely convinced that a "breakthrough" has been achieved and are concerned with maintaining secrecy about their process. In an effort to proceed constructively, ERDA agreed to have an outside consultant evaluate the process and submit recommendations without divulging the chemical identity of the fuel or the process to the agency. The consultant validated experimentally the heating value of the fuel, accomplished a bench scale synthesis, and performed an economic analysis of the costs. While the consultant knows the process and the chemical composition of the raw materials, fuel and combustion products, he acknowledges to DOE's Director of Energy Research that he cannot successfully complete an energy balance for the process.

The inventors are seeking highly unusual contract arrangements in order to proceed: an initial contract of over \$3 million, pre-contract preparation fees, waiver of patent rights and audit requirements. It would be legally possible to take such steps, which could be justified if the alleged attributes of the fuel are true. However, the Department cannot proceed responsibly unless some DOE officials have knowledge of the process and have made a technical determination of the merits of the proposed new fuel. The inventors and George Tyler of Senator Humphrey's staff are unwilling to divulge further information to any DOE official without direct assurance

from the Secretary of Energy about how the Department would proceed if a favorable technical determination were made. The Department has given careful high-level attention to this matter since it was raised in close cooperation with Senator Humphrey's staff.

Recommendation

Senator Humphrey should be informed that DOE is aware of the HUMATEC fuel proposal and that DOE cannot be expected to proceed without revelation of the technical characteristics of the fuel. The proprietary interests of HUMATEC will be scrupulously respected by DOE and an honest, technically competent evaluation will be rapidly undertaken. DOE will proceed vigorously to develop the fuel as merited by the results of the technical evaluation.

THE WHITE HOUSE
WASHINGTON

January 19, 1978

Jody Powell
Tim Kraft

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Hamilton Jordan

RE: MEDIA ORGANIZATION MEETINGS WITH
YOU

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
/		JORDAN
		LIPSHUTZ
		MOORE
/		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

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48 hours; due to
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	GAMMILL

/	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

Tim

THE WHITE HOUSE

WASHINGTON

MEMORANDUM

January 17, 1978

To: The President
From: Jody Powell JPP
Re: Media organization meetings with you

1. Of the numerous annual media dinners in Washington this winter and spring there are just four which I recommend you attend and speak to briefly:

- National Press Club, installation of new president (Frank Aukofer, Milwaukee Journal) on Sunday evening, February 5.

no I did not suggest you attend the installation of the president last year. However, the NPC remembers that you announced your candidacy there and haven't been back since your inauguration. You could drop by the installation ceremony when the program starts at 9 p.m., make five minutes of remarks and depart after the swearing in.

no - Radio-TV Correspondents Association dinner, Thursday, March 9. These are virtually all the broadcast correspondents covering Washington. Vice President Mondale represented the Administration last year.

no - Gridiron dinner, Sunday, March 19.

? - White House Correspondents Association dinner, Friday, March 30.

These dinners gather the most senior and respected newsmen and women covering the Administration.

2. On the national scene, it is important for you to appear at two major media association conventions, one in Washington, the other in Atlanta:

? - American Society of Newspaper Editors, Washington, April 10-12. You spoke with these editors by telephone last year when they met in Honolulu. This year's convention schedule is not complete, but they have been pressing for you to participate and I concur that it would be wise -- at their major lunch or dinner at a downtown hotel. *Can be used for a major announcement.*

no - AP Luncheon at the convention of the American Newspaper Publishers' Association, Monday, May 1, in Atlanta. This is the kickoff of the convention where Jack Tarver is host. Tarver is also chairman of the board of the AP.

THE WHITE HOUSE

WASHINGTON

January 18, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

Bob Lipshutz *BJ*

On Wednesday of this week, the Chief Justice telephoned me and requested that I give you the following information concerning your "State of the Union" address tomorrow evening.

All of the members of the Court will be present except possibly Justice Brennan, who apparently is recovering quite well from his illness.

The Chief Justice wanted you to know a particular tradition about members of the Court applauding the President at this event. He stated that it is appropriate for the members of the Court to stand up and applaud the President when he enters, and to do so again when he leaves.

However, it apparently is inappropriate for them to applaud at any other time.

He wanted you to have this information so that you would understand.

*Bob -
I wrote
summary*

THE WHITE HOUSE
WASHINGTON

January 19, 1978

Zbig Brzezinski
Frank Press

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

CARBON FIBERS ACTION PLAN

~~CONFIDENTIAL~~ ATTACHMENT

cc: Jody Powell

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-11-6-1-0
BY 125 NARA DATE 3/31/12

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
/		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
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	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
/	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

January 18, 1978

MEMORANDUM FOR

THE PRESIDENT

FROM: Frank ^{FP} Press and Zbigniew ^{ZB} Brzezinski
SUBJECT: Carbon Fibers Action Plan

In approving the interagency action plan on the hazards of carbon fibers you directed that there be a press release issued by Commerce at the outset of the action program. Furthermore, you asked to see the text before its release. The proposed press release is at Tab A. It briefly summarizes the nature of the problem and what the government is doing about it. A summary technical report will accompany the press release.

All agencies agree with the text at Tab A.

Recommendation

That you approve the Commerce press release at Tab A.

☒ Approved

☐ Approved subject to modifications noted.

☐ Other

OMB (Cutler) and Domestic Policy Staff (Stern) concur.

JC

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for Preservation Purposes

~~CONFIDENTIAL~~

DECLASSIFIED
Per: Rac Project
ESDN: MLC-126-11-8-1-0
BY: RS NARA DATE: 3/21/13

TAB A

FOR FURTHER INFORMATION

ITA 78-

CONTACT: Dan Landa
(202) 377-2253

COMMERCE ANNOUNCES PROGRAM
TO STUDY CARBON/GRAPHITE
FIBERS

FOR RELEASE:

The U.S. Department of Commerce today announced a new Government-wide program to study problems that may arise when carbon/graphite fibers used in industrial processes are accidentally released into the environment.

Carbon/graphite fibers are good electrical conductors. Because of their very light weight, they can float in the air like common dust particles. If they come to rest on unprotected electrical circuits, they can cause power failures, blackouts, shorts, or arcing that can damage equipment.

Such composite materials are important to the national economy because of weight savings and reduction in energy consumption. For these reasons, an organized Federal program is being established to develop a complete understanding of any potential risks, to define actions appropriate to respond to such risks, and to develop technological solutions that permit the continued use of these important new materials.

The program was ordered because of possible increased commercial utilization of the fibers, which are being increasingly employed as an element of new high-strength, light-weight composite materials.

The Federal program will include research and testing by various Government agencies, and information dissemination to and among Federal, state and local government, industry and the scientific and general communities.

The fibers are normally incorporated in a plastic binder to make a composite material used in such products as sporting goods. In this form, they pose no known hazards. However, if they are accidentally released, the fibers can interfere with or damage unprotected electrical equipment.

Many industrial plants producing and using substantial quantities of these fibers have initially experienced malfunctions of electrical and electronic equipment. In some cases, electrical fires have resulted.

It is unlikely that accidental release of carbon/graphite fibers poses a risk to human health. The U.S. Public Health Service, however, will study the fibers in its continuing program to understand the effects of all fibrous materials on human health. The carbon/graphite fibers are similar to commonly used fiber glass materials.

Among the types of research that will be undertaken during the program, the National Aeronautics and Space Administration will attempt to develop alternative materials that do not have the undesirable characteristics of the fibers.

The possible effects of the material on surface transportation systems will be examined by the Department of Transportation; the Environmental Protection Agency will study methods of waste disposal, and the Department of Commerce will conduct research into the fibers' effects on other commercial and household equipment.

Other agencies taking part in the program include the Defense Civil Preparedness Agency, the Labor Department's Occupational Safety and Health Administration, the Department of Energy, and the Department of State, which will concentrate on the international aspects of the fibers' uses.

A summary technical report of the observed effects of carbon/graphite fibers, prepared by the NASA, is appended for further information.

#

~~SECRET~~

DECLASSIFIED

Per, Rac Project

THE WHITE HOUSE

ESDN; NLC-146-11-8-1-0

WASHINGTON


BY KS NARA DATE 3/21/13

January 3, 1978

MEMORANDUM FOR

THE PRESIDENT

FROM:

^{FR} Frank Press and Zbigniew Brzezinski 

SUBJECT:

Interagency Action Plan on Hazards of Carbon Fibers

In March 1977, the Deputy Secretary of Defense and the Administrator of NASA wrote to you reviewing the status of carbon fiber composite materials. They pointed to the growing use of this type of material and its vastly increased importance in the next few years in the private sector. They also reviewed the classified evidence that carbon fibers released into the atmosphere during manufacture or during destruction of the composite by fire (as in an aircraft or automobile accident) could have disastrous effects by short-circuiting electrical systems in the vicinity. They suggested that an interagency study be performed to determine what actions the government should take to warn the public and to develop protective equipment and procedures.

OSTP organized such a study. ~~The report is at Tab A.~~ In addition to your approval of the general action plan, this memo requests your decision on the two remaining issues: whether information to the effect that airborne carbon fibers can short-circuit and possibly destroy electrical equipment should be declassified; and, whether the government should issue a formal press release to initiate the public information program.

Background

Carbon fibers have been manufactured since the early days of incandescent lamps. In the last two decades we have learned how to make very strong fibers and combine them with a resin binder to make high-strength, lightweight composites. At least six countries are producing composites and fabricating products. Major uses are in aircraft and in consumer products, such as skis, fishing rods, and golf clubs. The major anticipated use is in automobiles, where weight reductions mandated by fuel economy can only be achieved by replacing metals with composites. Current worldwide use is about 700,000 pounds; worldwide use by 1990 could reach one billion pounds.

Domestic and foreign manufacturers of the fibers are generally aware that there are electrical effects, but classification has limited release of the hard evidence about the severity of the potential problem. A variety of actual incidents has occurred, the most significant being a 1972 accidental incineration of composite material that resulted in severe damage to the electrical distribution system of the town of Fostoria, Ohio.

As you heard at the recent meeting on the NASA budgets, the health impact of carbon fibers is not fully known and requires more research. Current information suggests that the fibers are primarily an irritant to the eyes and skin, rather than carcinogenic. Further background is at pages 13-23 of Tab A.

~~SECRET~~

0234 cy1

The action plan developed by the task force is based on the thesis that:

- a) restricting availability of the material would have serious economic and political consequences and is subject to legal challenge;
- b) there will be time to develop protective measures for electrical equipment before the hazard is widespread, if we start promptly and there is wide public access to the pertinent information; and
- c) the government should take the lead in R&D programs aimed at solutions to the problem.

Action Plan

The report and action plan have had review and concurrence, except for two residual issues, by the following agencies; Commerce, DOD, DOE, HEW, State, Transportation, CIA, Domestic Policy Staff, EPA, OMB, and NASA. Comments were also solicited from Justice (FBI), Labor (OSHA) and CEQ.

The action plan has five key elements:

1. Public Information Program. This program will provide low-key, technically accurate material to those elements of government, science, and industry that need to be involved in protective actions and the development of alternate materials. DOD will declassify all but information about specific military equipment; NASA will prepare technical information. EPA will coordinate contacts with state and local governments; Commerce with industrial firms and associations; State with foreign interests.
2. Regulatory Actions. Appropriate regulations will be prepared by Labor (OSHA) for industrial safety, and by EPA for environmental and waste disposal matters.
3. Disaster Plan. A contingency plan for providing civil assistance in the event of a major carbon fiber incident will be prepared by the Defense Civil Preparedness Agency of the DOD.
4. R&D Programs. These will be coordinated by OSTP with the assistance of NASA, and NASA will lead in the search for alternate materials. Protective measures will be investigated by DOD for military equipment, by NASA for aviation equipment, by Transportation for surface travel, by DOE for electric utilities, and by Commerce (NBS) for commercial automatic data equipment. HEW

~~SECRET~~

3

will conduct investigations into medical and biological effects, and EPA will work on environmental effects and waste disposal methods.

5. Management. Overall coordination of the action will be by OSTP. Estimated costs for FY 1978 and FY 1979 are shown at Tab B.

Issues

There are two detailed issues requiring your approval. Both impact the action plan significantly.

Issue 1. Declassification Military classification of information about the hazards of carbon fibers has to date been based in large part on fear of the use of the fiber by terrorists and dissidents. The FBI perceives this threat as so serious and so difficult to control that they recommend no declassification. All other agencies disagree. Awareness of the hazards is spreading, but not the means to protect. The potential threat is so pervasive that many segments of both the public and the government must be involved in the solution. Declassification of all but specific military system data is central to the action plan.

We agree that the government should no longer withhold information on this topic.

The President approves declassification (our recommendation) _____ ✓ JC

The President approves continued classification _____

Issue 2. Press Release Still at issue is the question of whether, in addition to the Public Information Program described above, a government agency should start off the entire information program with a general press release about the nature of the threat, the actions the government is taking, and what preliminary steps the public can take. A press release from the White House proper is not considered appropriate by any agency. Some have suggested a release by EPA in the form of a notice of intent to regulate, which would assure high visibility. Others favor a more moderate tack, e.g., a press release by Commerce.

Those in favor argue that such a general statement would help satisfy a government obligation to warn the entire public about a known hazard. Furthermore, industrial firms would have an equal chance to take what actions they choose without a possible financial advantage accruing from selective notification.

Those against a press release argue that a special announcement is not necessary in light of the broad pattern of contacts planned in the proposed Public Information Program. Furthermore, a special announcement would tend to put the problem into an emotional context rather than treating it as a technical problem. A release could exaggerate attention on what is currently only a prospective problem, thus promoting the emotional reaction we wish to avoid and stimulating the notice of terrorist groups.

~~SECRET~~

~~SECRET~~

4

A summary of options and preferences is:

Option 1: In addition to the Public Information Program described above, start off the program by issuing a general announcement through EPA, informing all segments of the public and industry about the carbon fiber problem.

In favor: HEW, OMB

Option 2: Same as option 1, except that the initiating announcement would be issued by Commerce, thereby putting the issue into a more technical and directly commercial context.

In favor: Commerce, NASA

Option 3: Do not issue a special announcement at the outset of the program. Rely instead on the lower visibility Public Information Program to ensure that adequate information is disseminated.

In favor: DOD, DOE, State, Transportation, CIA, EPA.

We recommend Option 3.

The President approves Option 1 _____

Option 2 _____ ✓

(Our recommendation) Option 3 _____

*Let me see
text - before
release -*

General Plan

Several of the agencies participating in the study must modify their program plans for FY 1978 and thereafter if this action plan is approved. All agencies agree with the general plan, except for the issues of declassification and press release noted above.

We recommend your approval.

The President approves the general plan (our recommendation). _____

The President desires a plan modified to account for the decisions on declassification and press release. _____

Other. _____

~~SECRET~~

THE WHITE HOUSE
WASHINGTON
January 19, 1978

Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat

RE: US OCEAN POLLUTION
JURISDICTION

~~SECRET~~ ATTACHMENT

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-11-8-2-9
BY KS NARA DATE 3/21/13

THE WHITE HOUSE
WASHINGTON

1/18/78

Mr. President:

Stu concurs with Brzezinski's recommendation -- that you delay any decision until congressional consultations are completed.

Stu reports that Muskie and other congressmen who fought for the 200-mile limit have been upset by press reports that the Administration might unilaterally attempt to limit EPA's hazardous substances regulations to 12 miles.

Rick

Secret

DECLASSIFIED

E.O. 12356, SEC. 3.4(b)

WHITE HOUSE GUIDELINES, FEB. 24, 1983

BY Jay NARS, DATE 4/11/82

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED

Per; Rac Project

ESDN; NLC-125-11-8-2-9

	FOR STAFF ^{K3}	NARS, DATE <u>5/21/13</u>
	FOR INFORMATION	
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX	
	LOG IN/TO PRESIDENT TODAY	
	IMMEDIATE TURNAROUND	

ACTION	FYI	
		MONDALE
		COSTANZA
	<input checked="" type="checkbox"/>	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

~~SECRET~~
0072

THE PRESIDENT HAS SEEN.

MEMORANDUM

~~SECRET~~/GDS

THE WHITE HOUSE
WASHINGTON

January 13, 1978

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB*
SUBJECT: US Ocean Pollution Jurisdiction

Attached at Tab A is a brief summary of the conclusions reached at the SCC meeting on US ocean pollution policy on January 6. (U) At Tab B is Harold Brown's memo expressing Defense's grave concern.

With the signing of the Federal Water Pollution Control Act, the US unilaterally extended ocean pollution jurisdiction for oil and certain hazardous substances from 12 miles to 200 miles. Technically, the hazardous substances provisions cannot be enforced until EPA issues appropriate regulations which EPA is now prepared to do. After issuance, there would be a six month grace period before they took effect. EPA's list of hazardous substances includes 270 different substances, of which nearly all -- 260 -- were judged to be "non-removable" after a spill. (C)

Under the law, penalties for oil spills and for the 10 removable substances apply only to US vessels out to 200 miles. Foreign vessels only become subject to penalties when they enter US territorial waters (i.e., at 12 miles). As a practical matter, enforcement would generally take place when the vessel entered a US port. (C)

The major problem concerns the 260 non-removable substances because the law directs that penalties can be applied to both US and foreign vessels out to 200 miles. Thus, a foreign vessel experiencing a spill within 200 miles would be subject to civil penalties even though it had no intention of entering US territorial waters. An additional problem is that while the law relies on internationally agreed standards for oil pollution, the hazardous substances standards are established unilaterally by the US since no international standards exist. (U)

Because of the blatant extension of US jurisdiction contained in the hazardous substances provisions of the law, issuance of EPA's proposed regulations have become the focus of attention. State, Defense and the JCS have argued strongly that the

~~SECRET~~/GDS

Jay 4/11/90

~~SECRET~~

DECLASSIFIED

Per, Rac Project

ESDN; NLC-11-8-2-9

BY *K3* NARA DATE *3/21/13*

~~SECRET~~

~~SECRET/GDS~~

2

regulations should not be issued on national security grounds. Such a decision would probably be successfully (and promptly) challenged in court, and would certainly anger Senator Muskie and others responsible for the current law. The regulations cannot be viewed as independent of our efforts to change those provisions of the law which violate the principle that the US has fought for in many different forums including the Law of the Sea Conference: namely, that there should be no unilateral extensions of jurisdiction over the 200 mile zone which interfere with high seas freedoms. The Department of Transportation also believes that the law will be extremely damaging to your initiative in IMCO to improve tanker safety. (S)

However, the law is a fait accompli, and in this situation Congress clearly has the upper hand. I have arranged for Warren Christopher to consult with Muskie to emphasize the importance of US interests adversely affected by the law and by issuance of EPA's pending regulations, and to seek a common understanding on the scope of the changes to the law which might be possible this spring. Based on the outcome of those consultations, I will recommend what should be done concerning the hazardous substances regulations. To assist in this evaluation, the Coast Guard is preparing an analysis of how they would propose to enforce the law. (S)

I spoke to Elliott Richardson about this, and he strongly concurs.

RECOMMENDATION:

That you delay your decision on the hazardous substances regulations until consultations with Muskie are completed. (S)

APPROVE _____

DISAPPROVE _____

*Muskie says not
the law does not
extend to 200 miles.
This is also my
interpretation
JC*

~~SECRET/GDS~~

~~SECRET~~

ID 780056

THE WHITE HOUSE
WASHINGTON

DATE: JAN 09 78

FOR ACTION: FRANK MOORE (LES FRANCIS) *attached*
ZBIG BRZEZINSKI *Hed*

Held per + CB
Inter-agency memo being prepared
held for that
- domestic as well as NSC coordinate this
JIM MCINTYRE - *will comment in interagency decision memo*

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT POLLUTION CONTROL LEGISLATION AND NATIONAL SECURITY INTERESTS - BROWN
MEMO

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY 1200 PM THURSDAY JAN 12 78

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

ID 780056

THE WHITE HOUSE
WASHINGTON

XC: HLC
SLC
FM

DATE: JAN 09 78

FOR ACTION: FRANK MOORE (LES FRANCIS)

JIM MCINTYRE

Les-foi

ZBIG BRZEZINSKI

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT POLLUTION CONTROL LEGISLATION AND NATIONAL SECURITY INTERESTS - BRO
MEMO

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY 1200 PM THURSDAY JAN 12 78

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

CONGRESSIONAL LIAISON:

No position on the Secretary's recommendation. However, if you decide such legislation is necessary, we must begin serious planning of a strategy to deal with Muskie and other environmentalist Senators. Muskie's office has been particularly vitriolic in its opposition to any weakening of the FWPCA as amended. One question we surely will have to better address is why the amendments encourage other nations to restrict passage of our Naval vessels when they specifically exclude military vessels from coverage. (BT)(BC)

ID 780056

THE WHITE HOUSE
WASHINGTON

DATE: JAN 09 78

FOR ACTION: FRANK MOORE (LES FRANCIS)
ZBIG BRZEZINSKI

JIM MCINTYRE

File
XC: HLC
SLC
FM
Les-francis

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT POLLUTION CONTROL LEGISLATION AND NATIONAL SECURITY INTERESTS - BROW
MEMO

CONGRESSIONAL LIAISON:

This issue was the subject of an NSC/DPS/CL mtg called by David Aaron. A jointly staffed memo (State/DOD/EPA, etc.) was to go to the President stating the immediate issue (not addressed in Secy Brown's memo) and offering several options (including Secy Brown's). This memo presents only one side of a complex issue and should not be the basis of a decision.

No position on the Secretary's recommendation. However, if you decide such legislation is necessary, we must begin serious planning of a strategy to deal with Muskie and other environmentalist Senators. Muskie's office has been particularly vitriolic in its opposition to any weakening of the FWPCA as amended. One question we surely will have to better address is why the amendments encourage other nations to restrict passage of our Naval vessels when they specifically exclude military vessels from coverage.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR

THE PRESIDENT

FROM

STU EIZENSTAT

Stu

SUBJECT:

U. S. Ocean Pollution
Jurisdiction

I concur with Zbigniew Brzezinski's recommendation that you delay a decision on the applicability of EPA regulations relating to ocean spills of hazardous substances beyond 12 miles until consultations with the Congress are completed.

You should know that press reports that the Administration might unilaterally attempt to limit EPA's hazardous substances regulations to 12 miles has upset Senator Muskie, Representative Roberts and other interested Congressmen who fought for the 200-mile limit approach. Any effort to modify the law will require their cooperation.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

January 19, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT *TK*

I recommend that you go from Atlanta to St. Simon's Friday night after the banquet, and chopper to Plains on Saturday morning.

This puts the bulk of the traveling party in one place (St. Simon's) as opposed to 'occupying' Americus on Friday night and moving to St. Simon's on Saturday.

You could depart St. Simon's on Saturday morning via chopper, with just you, family, Doctor, Military Aide and Secret Service. It is more efficient and economical to chopper than to go by plane.*

Proceed with above ✓

Other; see me

*Check
Weather
J*

*

(1) CHOPPER TO PLAINS - 1 hour, 45 minutes

- 10 minute drive to chopper pad.
- 1 hour, 35 minute flight to Plains

(2) PLANE/CHOPPER - 1 hour, 30 minutes

- 25 minute drive to Brunswick
- 35 minutes, Air Force I flight Brunswick to Warner Robbins
- 30 minutes, chopper to Plains

This is 15-minutes quicker, but more costly and less efficient (two internal transfers).


MEMORANDUM

THE WHITE HOUSE

WASHINGTON

19 January 1978

TO: PETER BOURNE
JIM MCINTYRE

FROM: RICK HUTCHESON 

SUBJECT: Peter Bourne's Memo on
International Health

On the above subject, the President stated: "To Peter and Jim -- In general I agree with Peter's memo but a policy review is necessary. You and Peter give me a time schedule for one." No other comments or decisions were made.

Please follow up with the appropriate action.

cc: Stu Eizenstat
Zbig Brzezinski

THE WHITE HOUSE

WASHINGTON

18 January 1978

TO: THE PRESIDENT
FROM: RICK HUTCHESON *Rich*
SUBJECT: Attached Peter Bourne Memo

Peter Bourne has submitted a lengthy memo on "International Health," and feels strongly that it should be submitted to you despite agency comments. (Peter is concerned about his leadership role in this area, and feels that agencies are disagreeing in order to drag their feet.)

ACTION and Defense (tentatively) concur with Peter's recommendations as they stand.

However, Eizenstat, McIntyre, and the agencies affected most directly (State, AID, and HEW) strongly believe that more work needs to be done before the issues involved are presented to you for decision. (For example, many of Peter's recommendations overlap with the review of foreign aid organization being conducted by Henry Owen; an effort should be made to resolve the jurisdictional disputes at the secretarial level before they are presented to you.)

RECOMMENDATION:

That you approve Jim McIntyre's recommendation (in which Stu concurs), that an interagency policy review on International Health initiatives be undertaken by the Policy Review Committee and the Domestic Policy Staff, to permit further program refinement, costing, and resolution of agency disagreements.

Jim McIntyre's memo is at Tab A. Peter Bourne's memo and other agency comments are at Tab B, but I recommend that you not read them at this time.

_____ approve McIntyre recommendation

_____ other _____

*To Peter & Jim - In general I agree with Peter's memo, but a policy review is necessary. You & Peter give me a time schedule for one
J.C.*



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 16, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre, Jr. *James McIntyre*
SUBJECT: Peter Bourne's Memorandum on International Health

OMB fully supports efforts to improve the effectiveness and coordination of the many federal activities which have a bearing on international health. We believe, however, that most of the specific recommendations made in Peter's memo are premature for several reasons:

(1) Overlap with overall foreign aid reorganization review. Many of the specific recommendations directly affect or strongly influence organizational arrangements. The overall review of foreign aid organization is being conducted in the Executive Office by Henry Owen with OMB assistance. We believe that Peter's proposals which have organizational implications should be deferred so they can be considered in the broader context of the Owen study.

(2) The Presidential initiatives have not been adequately identified or costed. The two major initiatives (reducing world blindness and providing clean water worldwide) would require massive long term funding; and it is not at all clear that, simply by reprogramming, a "major start can be made now without new funds." The costs of some of the smaller initiatives appear to be significantly understated (e.g., the Presidential Scholars in Global Health would probably cost at least twice as much as indicated in the paper).

Recommendation:

OMB will provide more detailed comments directly to Peter, but in the meantime we strongly recommend that an interagency policy review on International Health initiatives be undertaken (perhaps jointly by the Policy Review Committee and the Domestic Policy Staff). This review should provide for further program refinement and costing, as well as an opportunity for conveying agency views to you.

B

THE WHITE HOUSE

WASHINGTON

January 9, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE **P.B.**

SUBJECT: INTERNATIONAL HEALTH

On July 30th, 1977 you sent me a note referring to the issue of International Health directing me to prepare from you to key members of the Cabinet a memo "directing them to cooperate with you in doing the analysis - I can call them in later for a meeting when I understand from you what we need to do." In collaboration with the involved agencies we have completed that analysis producing a 500 page report which we have circulated for comment both within the government, and in the private sector. It will be published as an administration document. This memo summarizes the recommendations of that report, and following your trip I would like to request that we have the meeting you proposed.

I. GOALS OF THE STUDY

- To survey and inventory current U.S. government activities in the area of International Health including legislative authorities, budget allocations, policies and programs.
- To examine present goals and philosophies which currently guide our International Health activities, and to assess their effectiveness and relevance to the health needs of the world today.
- To examine the extent to which International Health is integrated with other governmental activities including the formulation of foreign policy, domestic health policy, development assistance as well as commercial and trade policy.
- To review the relationship between the U.S. Government's International Health programs, private voluntary agencies and multilateral organizations including international financial institutions.
- To review present mechanisms for interagency coordination and for long range planning and goal setting of International Health programs.

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE

SUBJECT: INTERNATIONAL HEALTH

- To recommend organizational, programmatic and legislative actions that would improve the existing use of current resources and create a sense of a new Carter initiative as a concrete manifestation of the commitment to meeting global basic human needs.

II. FINDINGS

The United States interests in International Health involve the following: the elimination of the remaining major infectious diseases afflicting mankind (being primarily the product of poor sanitation and malnutrition, and involving for the most part the developing world), the provision of access to a basic minimum level of health care for people everywhere, the pooling of knowledge and fostering of collaborative research activities to advance medical science, the use of medicine as an instrument to form a common bond outside traditional political channels with countries we wish to draw closer to us, and the development of markets overseas for products of the American health industry.

- 22 Federal agencies are involved in International Health, spending \$522 million in FY 1976, under more than 100 separate legislative mandates.
- Involvement in International Health while traditionally thought of as exclusively an aspect of foreign aid, includes not only development assistance, but commercial, diplomatic, and environmental considerations with the majority of U.S. Government expenditures currently being made outside the developing world.
- There is no government-wide coordinating mechanism to establish overall policy, goals or programmatic priorities. Extraordinary resources exist within the government that are not being utilized with anywhere near their full potential. New scientific discoveries are nowhere near as important as better application of current knowledge and resources.
- The allocation of U.S. resources is not currently tied to any assessment of real global health needs or priorities determined geographically, nor is it in terms of what the remaining major crippers and killers are as they affect lost human potential and compromised economic development. Even for a given country it is often impossible to tell which Federal agencies have programs there with no overall coordination to work towards mutually agreed upon goals.

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

- While both you and Secretary Vance have made repeated strong statements about the importance you attach to meeting basic human needs, there is little or no integration of International Health into the formulation and execution of U.S. foreign policy. This is largely due to the lack of an organizational focus with technical expertise in health or other basic human needs at a high level in the State Department. It is also attributable to a traditionally held view that such human concerns are "non-conventional diplomacy".
- Fragmentation in the Executive Branch is compounded by overlapping and competing jurisdictions among different committees in the Congress.
- The effective use of some of our greatest International Health resources particularly in HEW and DOD is currently severely compromised by specific and generally outdated legislative restrictions.
- There is a disproportionate focus on the development of high technology health care in hospitals and the training of physicians rather than upon prevention and community-based primary care programs to reach poor and rural people. Such international research cooperation as has occurred has overwhelmingly emphasized problems of developed industrialized nations such as cancer and heart disease.
- The resources committed to International Health by the private sector exceed those of the Federal Government. Academic institutions, missionary, private voluntary organizations and other humanitarian groups as well as business express a strong desire to coordinate their efforts with the Federal Government, but believe there is no effective mechanism for doing so.

III. RECOMMENDATIONS

We recommend that a program called "New Directions in International Health" be initiated, which could be identified as an initial fulfillment of your promise to implement a global basic human needs strategy. Consistent with your decisions in the recent memo relating to development assistance, to stress aid to the poorest people in the world, we feel attention to this group should be given the highest priority in the International Health initiative. We recommend the following goals:

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

- To develop and pursue a strategy aimed at improving the health status of the 1 billion poorest people in the world.
- To emphasize the delivery of community based primary health care, cost-effective training at the most appropriate level of health personnel as near to the point where they will deliver services, and the development of research programs which place a priority emphasis on the remaining major health problems, especially infectious diseases, of the developing world.
- To encourage special emphasis on dealing with the generic problems of ill health, malnutrition, lack of clean water supplies, over-population and poverty, putting greatest emphasis on the prevention rather than the treatment of disease.
- To focus, coordinate, and when appropriate reshape U.S. goals in International Health to achieve a government-wide coordinated program which would reduce current fragmentation, and insure that existing resources were used more effectively.
- To strengthen existing institutions in our government which already deal with International Health problems, and build a greater awareness of International Health and concern for basic human needs as a more legitimate and consequential element in our foreign policy.
- To establish certain specific new initiatives with which you personally could be identified.
- To engage, through your leadership, the active participation of nations around the world both bilaterally and through multilateral organizations, especially WHO, UNICEF and the World Bank, in this endeavor.
- To encourage greater private sector involvement in International Health activities, and a closer partnership with the Federal Government.
- To plan a more coordinated and effective use of medicine as a tool in our overall diplomacy particularly in dealing with countries that have not traditionally been friendly towards the U.S.

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

IV. DECISIONS

A. Improving Coordination and Long Range Planning

The key to a new International Health program is not the expenditure of large amounts of new money, but a re-programming and better utilization of present resources. Establishing an effective interagency coordinating mechanism can be the difference between success and failure in this endeavor.

Apart from the fragmentation of International Health programs between 22 agencies, a major problem exists because of divided responsibility and authority among the largest agencies. A.I.D. has the bulk of the program funds, but limited technical expertise. H.E.W. has exceptional technical resources, but considerable internal fragmentation; it is legislatively restricted from engaging in international activities that do not directly benefit the U.S. population. The State Department has the formal policy making authority in this area, but currently lacks the organizational structure or technical competence at a high level to carry out this responsibility or to take the lead which theoretically it should. Treasury regularly makes major decisions, particularly regarding the I.F.I.'s, that have extraordinary impact on world health, often without any awareness of that impact. Peace Corps, NASA, DOD, the Commerce Department, C.I.A., the Veterans Administration, E.P.A. and others all have specific specialized areas of interest, but make decisions in their own interests, in isolation, unrelated to any overall coordination or policy.

Among the agencies there is general agreement that a coordinating committee, or committees, need to be set up. There is, however, disagreement as to who should have the lead responsibility. Secretary Califano states, "the chief spokespersons on International Health affairs should be the Secretary of DHEW, the Assistant Secretary for Health and the Surgeon General. Any interagency committee on International Health should be chaired by H.E.W." This position is opposed by A.I.D. Governor Gilligan is concerned about setting a precedent that would go beyond the health area and comments, "I urge you to resist vigorously any proposals to fragment development assistance responsibilities-----especially by dispersing authority to agencies whose primary concerns are domestic."

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

The organizational decision paper on development assistance currently being prepared by Henry Owen may have some bearing on this area, however, in the meantime, I believe that given this conflict the most effective coordination can be achieved by:

(a) Overall Coordination - Maintaining overall coordination out of my office as we have done up till now. This would avoid some territorial problems and also would symbolically maintain your own direct interest. It should be clear that this would not be a permanent new structure, but a short term mechanism to insure the momentum of a new initiative establishing overall policy and priorities. I believe in this way we can duplicate the highly successful coordination we have achieved in the drug area, a similarly fragmented field.

(b) Substantive Program Planning - Establishing a committee chaired by DHEW that would be responsible for further developing a government-wide substantive program in International Health. This would involve identifying those disease entities amenable to major assault, geographic regions or countries where U.S. resources could have a major impact, and special generic areas such as vector control, global epidemic surveillance and cleaning water supplies that might be appropriate to emphasize. In coordination with other agencies they would determine how the available resources could be mobilized and coordinated to deal with the priority areas they had identified. This committee would also establish sub-committees to address the setting of research, manpower development and training priorities.

(c) Coordination with Foreign Policy - Establishing a committee chaired by the Department of State would review region by region, and country by country, our goals and priorities in the International Health area. The U.S. Government resources going into each country would be carefully inventoried, a determination made of whether current expenditures are adequately coordinated, and aimed at achieving agreed health goals for that country. We anticipate A.I.D. would play the major role in the review of the countries where they are involved. We are prepared

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

to ask the State Department to begin immediately such a review of Africa, and to provide them the appropriate background material which my office has prepared. This committee would also address the issue of how International Health activities could be most effectively coordinated within our missions overseas, and how host countries could best be made aware of the range of resources, such as appropriate training opportunities, now available in the United States. This committee would also address the issue of how International Health could be better incorporated into our overall conduct of foreign policy.

(d) Upgrading the Emphasis on International Health - Understanding that in order to realize fully the U.S. Government's potential in the International Health field certain internal changes need to be made within the departments. In response to the high priority you have attached to this area some of these changes already have been instituted. DHEW is completing an extensive internal review of its International Health functions, upgrading its emphasis, centralizing coordination and considering the creation of a position of Deputy Assistant Secretary for International Health. The role of C.D.C., which has already established a worldwide reputation for excellence, is to be expanded. The State Department lacks the high level focus with technical competence to permit adequate incorporation of health or basic needs concerns in general into the formulation of foreign policy. More important, a change in philosophy is needed so that concern for basic human needs is accepted as a legitimate aspect of foreign policy. This I believe can only be overcome by clear direction from you. They are moving now to create such a competent high level focus. A similar problem exists in Treasury. The Department needs to heighten its own awareness of International Health in internal decision making. Treasury should acquaint the IDLIs with evolving U.S. policies on International Health, and encourage them to give greater priority to an appropriate role for projects touching on health among their overall development loan programs. In DOD, legislative constraints and

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

old but perpetuated administrative decisions continue to restrict adequate utilization of our single greatest untapped resource in this field. A clear instruction from you to all of the agencies to seek ways to make their resources more readily and effectively available is important.

I believe that the steps outlined above, if you approve, would overcome the problems of fragmentation and the present lack of clearcut long range goals providing the framework for an effective Presidential initiative in this area.

DECISION: Approve _____; Disapprove _____

B. Presidential Initiatives

In addition to the significant impact an improved and streamlined planning and coordinating mechanism would have on world health, I believe, certain specific new initiatives should be undertaken which could be identified as reflecting your personal involvement.

(a) World Blindness - More than 30 million people in the world are blind, most of them from preventable causes. A major administration effort to reduce blindness worldwide would have dramatic appeal, could be uniquely and distinctively identified with you from other present International Health emphasis, would be geared to the poorest people in the world as well as being relevant to the industrialized nations including the U.S., and would not be vulnerable to the criticism that we were saving lives that would only amount to more mouths to feed. It would of necessity result in a program with special emphasis on the Middle East. It would overlap and complement, (without competing with) the World Health Organization's highly visible Tropical Disease Research Program. I also believe it would generate strong international and domestic support, for instance, from Lions Clubs. By re-programming existing budgeted funds, this program could be implemented immediately. An enhanced and expanded plan could be prepared for next year's budget cycle.

DECISION: Approve _____; Disapprove _____

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

(b) Rural Water Supply - It is estimated that by making clean drinking water readily available to all people in the world, 50 million lives a year would be saved. The World Health Organization has set this as a priority, and 1980 is the beginning of the U.N. "Decade of Water". Following the two U.N. Conferences this year on Water and Desertification an interagency coordinating committee chaired by the State Department has been established to develop overall U.S. policy on global water supply. While less dramatic than some other initiatives, strong clear support by you of the goal of clean drinking water for people everywhere would, in the long run, probably have the most significant lasting impact on world health of anything you could do. Initiating programs that make clean drinking water available also will significantly effect, for the better, the role of women in the developing world, who spend major parts of their lives drawing and carrying water from distant sources. While the potential level of expenditure for this purpose is almost unlimited, a major start can be made now without new funds, and careful consideration can be given to expanding our programs in this area in next year's budget.

DECISION: Approve _____; Disapprove _____

(c) International Health Service Corps - There is a great deal of interest in the possibility of establishing a health oriented volunteer program that would use American volunteers at all levels of health expertise. Such a program, which would clearly be identified as your concept, would be formed building on the Peace Corps in ACTION and the National Health Service Corps in the Health Services Administration in DHEW.

ACTION currently has over 1,000 health volunteers in such service. This number could be expanded and the proportion of health professionals among them increased. ACTION should continue to increase its efforts in health programming in order to ensure effective assignment and performance of these volunteers.

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FROM: PETER BOURNE
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The National Health Service Corps can apply two of its current functions to an International Health Service Corps: (1) to recruit personnel and administer their assignment to positions programmed for them by ACTION; and (2) increase the number of Public Health Service Scholarships awarded annually allowing a like number of scholarship recipients to satisfy their scholarship payback requirements by serving in the International Health Service Corps. A slight modification to existing legislation would result in 150 to 250 scholarship recipients serving annually in the International Health Service Corps. This would have no adverse effect on domestic health manpower needs, yet would greatly improve chances to recruit health professionals for international service. As experience has shown many will eventually return to domestic health service. The Health Services Administration in DHEW could also serve as a recruiting clearing house for other government agencies in International Health and in managing development of U.S. Government personnel for careers in International Health. Estimated cost would be \$3 - 5 million as an additional increment over present expenditures.

DECISION: Approve _____; Disapprove _____

(d) Up-Grading the Fogarty International Center at The National Institutes of Health - Specific legislative authority should be developed to upgrade the existing Fogarty International Center at the National Institutes for Health making it a more visible focus as a center of excellence for the development of International Health policy. This action would provide needed organizational strength and authority for the center to carry out long range studies of International Health problems. It would also raise its stature in the U.S. and international scientific communities reflecting the new priority attached to International Health by your Administration. In particular, the Center would address the issue of long range manpower development, stimulating involved mobilization, and coordination of the U.S. academic medical community to build health skills in the developing world. In conjunction with A.I.D. they would work towards the development of International Health consortia among academic institutions in this

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country that would establish linkages with institutions in the developing world aimed at building their capabilities in research and training. These consortia could in particular address the problems of blindness and world water supplies.

DECISION: Approve _____; Disapprove _____

(e) Presidential Scholars in Global Health - The U.S. should establish a program for "Presidential Scholars in Global Health". Twenty Associate Scholars, all in early stages of their careers, would be selected (by a distinguished public/private panel of scientists) to study problems of implementing change in International Health. In addition, four distinguished Senior Scholars would prepare scholarly papers on contemporary International Health policy problems; they would work and lecture at NIH, and be based at the Fogarty Center. Annual cost would be \$650,000, including personnel positions to run the program.

DECISION: Approve _____; Disapprove _____

(f) Expanding Private Sector Involvement - The U.S. private sector, i.e., academia, multinational corporation, labor, church-related organizations, private voluntary organizations foundations, and individuals, should be given wider opportunities to contribute to U.S. International Health activities. Their efforts have been significant among the contributions this nation has made in International Health. In many cases they can be more effective, more innovative, and more acceptable in many countries than direct U.S. Government efforts. Recent tax and foreign policy decisions, as well as inflationary erosion of their purchasing power, have reduced private sector capacity to expand or even sustain their past activities. Reversing this trend could substantially reduce the burden on direct U.S. Government expenditures. The U.S. Government should actively seek ways to capitalize on and expand the involvement of the private sector. While the organizational paper being

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prepared by Henry Owen will address this area within the broader context of development assistance we believe certain specific steps could be taken now to strengthen the role of private voluntary organizations in the health area:

- Strengthen and formalize the PVO-grant making activities of A.I.D. to increase PVO performance on A.I.D. projects.
- Establish an expanded PVO program which is centered in A.I.D. (A.I.D. has recently set up an Office for Private Humanitarian Assistance). It would involve all agencies with significant International Health programs who would assign a PVO liaison coordinator to work with A.I.D.
- Consideration should be given to providing 5 year care support (\$1 million per year) to create a consortium of PVOs including the establishment of an Information Clearinghouse for their activities to resolve the present lack of communication and collaboration.

DECISION: Approve _____; Disapprove _____

The effectiveness of the new International Health initiative is tied closely to working in a supporting and collaborative way with multilateral organizations such as the World Bank, UNICEF, and the World Health Organization. Following your meeting with Dr. Mahler, we have agreed to hold meetings twice a year between top officials of WHO and key representatives of the U.S. Government. Similarly we expect to rely heavily on the continuing close relationship with the National Institute of Medicine of the National Academy of Sciences. Much of the cost of this initiative would be subsumed under the decisions you have already made to increase the foreign aid budget generally. For instance the commitment to make a commitment of \$10 million to WHO's Tropical Disease Research Program.

Consistent with your instructions on the development assistance decision memo we will seek to involve public figures including those from the entertainment industry in building public support

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for this initiative. We would do this as part of the overall strategy now being developed with the NSC to build public support for foreign aid in general. Focussing public attention on an issue such as health, I believe, humanizes our foreign policy and makes it personally understandable in a way that amorphous impersonal issues like SALT and the Panama Canal are not. However, I think there is a spill over benefit to these harder issues in that good will in general is generated for your foreign policy.

If you approve, in general, of the above recommendations I suggest a meeting in the next couple of weeks as you proposed previously. The meeting should include Califano, Vance, Sam Brown, Harold Brown, Blumenthal, Gilligan and Henry Owen. The meeting should consider the implementation of the recommendations included here. I would like then to develop a public statement for you laying out this strategy either in the form of a message to the Congress, as a separate speech, or as part of a larger statement on global human needs.

PGB:ss



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D.C. 20201

January 18, 1978

MEMORANDUM FOR PETER BOURNE

SUBJECT: YOUR MEMO FOR THE PRESIDENT OF JANUARY NINTH
ON INTERNATIONAL HEALTH


Attached are our comments on your decision memo for the President of January ninth on international health. I endorse all of those comments, but want to emphasize the following:

1. We appreciate your having taken account of many of our earlier comments. We believe that the memo is improved over the November ninth version. Nevertheless, the memo suggests a number of new proposals which require further comment. As will become clear, we also feel that the memo needs additional staff work.
2. We do not support the organizational arrangements proposed in the memo for strengthening interagency coordination in international health. In our view, the proposals suffer from an exaggerated notion of what is possible or desirable regarding coordination. We need a better sense of what requires coordination by whom. We also believe that the suggested mechanisms are too complicated. Rather, we would prefer to see a single, small, and functional interagency coordinating committee led by HEW. On those decisions which raise foreign policy questions, we would, of course, work within the guidance of the State Department.
3. Before presenting your specific initiatives to the President for decision, we think that they should be subjected to more careful and systematic interagency review. We are particularly concerned about the proposed programs for combating world blindness and improving rural water supply. To proceed with them without more solid analysis would contradict all of your arguments for better planning and coordination.

Dr. Peter Bourne
Page two

I very much hope that you will consider further reworking of your memo along the lines of our comments, and that you will work with the relevant agencies to develop the recommendations to the point that they are ready for the President. Rest assured of our readiness to cooperate in that process. If, however, you decide to proceed with the memo in its current form, I would strongly urge that Cy Vance, Jack Gilligan, Mike Blumenthal, Harold Brown, and I meet with the President before he makes any decisions.

As you know, the President has asked me to lead the U. S. Delegation to the WHO Assembly in May. It should be a fitting occasion for me to set forth some of the Administration's new directions and initiatives in international health.


Joseph A. Califano, Jr.

Peter

Two very important points:

- 1) Do not put Pres. in position of appearing to politicize health -- too much "Foreign policy" objections could cause that appearance
- 2) Being the first Secy Gen to go to WHO at your first request, we must be ready with some concrete initiatives to unfold there.

Joe

HEW COMMENTS ON PETER BOURNE'S MEMO FOR THE PRESIDENT
OF JANUARY 9 ON INTERNATIONAL HEALTH

HEW has supported what we have viewed as the central purposes and directions of Peter Bourne's assessment of international health--namely, making greater use of U. S. resources for improving health in developing countries, underscoring the humanitarian and scientific standards for such assistance, and devising means for strengthening coordination of international health policies.

Nevertheless, we were sharply critical of important parts of the November ninth version of Dr. Bourne's memo and of the longer report which preceded it. We urged Dr. Bourne not to go forward with either the memo or the report until their major deficiencies had been corrected. We are pleased to note that the new memo is considerably improved. It has taken account of many of our comments. At the same time, some of the problems of the earlier draft are still present. In addition, the current memo posits new recommendations which require further comment.

As for the 500-page report, we have yet to receive any revisions in the version which Dr. Bourne circulated in early November. And given our reading of that version, we see no justification for citing the report as though its analysis were the basis for the memo. We would be hard pressed to find arguments in the report for some of the recommendations in the memo. For example, our comments on the report noted the virtual neglect of any mention of eye diseases in the developing world; yet the new memo features an assault on blindness as an initiative of high priority. Moreover, as already noted, we were, and are, very critical of important parts of the report, and believe that it would need major reworking prior to wider distribution.

The comments below generally adhere to the sequence of Dr. Bourne's memo of January ninth:

I. GOALS OF THE STUDY

The goals of the study listed in the new memo are more realistic and appropriate than those of the November ninth draft. We find the restated goals more consistent with the scope of the draft report.

II. FINDINGS

It is useful to try to summarize the rationale for U. S. involvement in international health in the initial paragraph. If HEW had its way, however, we would down play the notion of using medicine as an "instrument" of foreign policy. We would have international health programs viewed less as tools for promoting U. S. political and economic interests and more as scientific and humanitarian efforts justifiable in their own right. Not only is this view consistent with a long and honorable tradition in our international health and disaster assistance; it is also in keeping with our understanding of the President's approach to health as a basic human need.

More specifically with regard to the initial paragraph, we believe that it is unrealistic to think in terms of the "elimination" of the remaining infectious diseases within the foreseeable future. It would be more meaningful to aim toward their "reduction."

The first itemized finding states that twenty-two Federal agencies are involved in international health. While we would not contest this point, we think that the memo should differentiate between those agencies which are central to the overall U. S. involvement and those which are more peripheral. If interagency coordination is to become more effective, it must be manageable, which probably means that any coordinating committee should be limited to six to eight agencies. This is the place to lay the groundwork for designating the reduced membership for such a committee.

The third itemized finding contains the statement that "new scientific discoveries are nowhere near as important as better application of current knowledge and resources." In our view, that judgment is too hastily and harshly rendered. Both new research and better application of existing knowledge need to be directed at the health problems of the developing world. Research is required not only on biomedical aspects of health problems but on improved ways of delivering knowledge in the form of health services.

The fourth itemized finding suggests that U. S. resources are currently allocated without any assessment of "real global health needs." Assessments of health needs in the developing world do in fact play a role in determining the allocation of U. S. resources in international health. Nevertheless, the memo might question the adequacy of the current assessments. Part of the problem relates to the state of the art of health planning, which makes us question the claim for the U. S. being able to assess "real global health needs" with the certainty implied in the memo.

In the fifth item, we would delete "or no" from the first sentence, so as to remove the overstatement.

III. RECOMMENDATIONS

We agree in principle with the recommendation to start a program of "New Directions in International Health," and we could accept most of the goals for the program which the memo enumerates. The second itemized goal, however, is confusing, and should be restated more simply, possibly as two separate items. We would also reverse the order of the second and third goals, so as to make clear that the memo is discussing primary care within the context of prevention.

IV. DECISIONS

A. Improving Coordination and Long Range Planning

The memo describes the HEW situation in international health as being organizationally fragmented and legislatively restricted. Only later does it note that we ourselves have been engaged in a Departmentwide assessment, which should result in more effective coordination of policies among the six agencies of our Public Health Service. The memo might also have observed that the President himself has the authority to strengthen HEW's mandate in international health if he wishes to use it.

Although we have not seen the full text from which Governor Gilligan's quotation was drawn, we do not view it as necessarily opposed to Secretary Califano's position that HEW should be the chief spokesperson for the Government in international health. Insofar as HEW's lead role pertains to the developing parts of the world, we would expect to be respectful of the policy framework for overall developmental assistance set by AID. HEW's role regarding policy toward the World Health Organization seems to be acceptable to AID. It might serve as a precedent.

We would like clarification of what it would mean to put responsibility for "overall coordination" for international health activities in Dr. Bourne's office. We believe that Dr. Bourne has played a valuable role as a catalyst for new ideas and program initiatives; but his office does not have the staff capacity, nor should it have the line authority, to coordinate policy throughout the Government. Indeed, one of the major problems of Dr. Bourne's study was his office's incapacity to coordinate more effectively with the relevant agencies and to pursue methodically proposals which did recommend themselves.

HEW supports Dr. Bourne's interest in achieving better interagency coordination in international health policies and programs. At the same time, we believe that it is unrealistic and undesirable to seek total coordination of such activities. A more effective approach would be to identify those kinds of policies and issues which particularly need coordination, to stipulate the reasons, and to focus our efforts on them. The memo would be much improved if its argument for coordination were refined.

We are concerned that the establishment of two separate committees--one on substantive program planning and the other for coordination with foreign policy--might lead to division and confusion. Rather, if there is agreement as to the major directions and priorities of overall U. S. international health policy, we would recommend the formation of a single committee combining scientific and technical expertise with foreign policy sensitivity. We continue to believe that HEW should chair that committee, but we would work especially closely with State and AID.

B. Presidential Initiatives

(a) World Blindness and (b) Rural Water Supply. Although we appreciate Dr. Bourne's interest in identifying the President with visible initiatives in international health, we do not believe that these two proposed programs are ready yet for decisions by the President.

Dr. Bourne's draft report did not assess the need for programs to combat blindness or to improve rural water supply. Why select blindness over other health problems? On which of the many eye diseases would we concentrate our efforts? Prior to a more systematic assessment, how did Dr. Bourne arrive at the decision that the program would emphasize the Middle East? Similarly, we would hope to see a careful study of the nature and extent of water supply problems and their relation to health problems. On what basis did Dr. Bourne decide to focus on rural rather than urban water supply?

Nor is the selection of the two proposed initiatives supported by any interagency consideration of either the foreign policy implications of the programs or our relevant technical capabilities for implementing them. Presenting these initiatives at this time contradicts the process of international health policy and programming envisioned earlier in the memo, and perpetuates the very deficiencies which Dr. Bourne has discussed in his report.

(c) International Health Service Corps. While this proposal is sketchily presented and needs to be more fully developed, we think that the National Health Service Corps could assist in the recruiting, programming and administration of an International Health Service Corps. We would, however, seriously question any proposal to the Congress at this point to use Public Health Service Scholarships as vehicles for implementing the program. Such a proposal would engender concern from constituents of the National Health Service Corps and opposition from many of its Congressional supporters. Thus HEW involvement should be independent of the Scholarship Program.

(d) Upgrading the Fogarty International Center. We agree that the Fogarty Center should be strengthened, and that it could do more to build linkages to institutions in the country and abroad. In the coming months, we are prepared to undertake a comprehensive review of the Center and to develop a plan for its upgrading.

(e) Presidential Scholars in Global Health. If funds are available, the Fogarty Center would be prepared to administer the program of scholars.

(f) Expanding Private Sector Involvement. We support the idea of expanding private sector involvement in international health within the general framework of our comments. We have no comments on the specific measures proposed in the memo.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

OFFICE OF
THE ADMINISTRATOR

JAN 17 1978

MEMORANDUM FOR MR. RICK HUTCHESON
Staff Secretary
The White House

SUBJECT: International Health Decision Memorandum to the
President from Peter Bourne, January 9, 1978

Thank you for sending Dr. Bourne's memo to AID for comments. While AID has worked closely over the past six months with Dr. Bourne in preparation of much of the backup material for his report, we do not believe this memorandum should go forward as is. I have appended extensive and detailed comments which I hope will be useful, but the main reasons for our concern are summarized below.

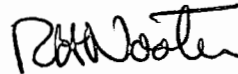
- 1) The memorandum masks sharp disagreements among key agencies as to what international health initiatives would be appropriate and which U.S. agencies should have responsibility for them.
- 2) It makes major program recommendations that need careful staffing and budgetary analysis before being sent to the President for decision.
- 3) It seriously misleads the reader by suggesting that third-world health problems can be solved by focusing primarily on the health sector, and by applying concepts of high-cost, high-technology U.S. health care to developing countries. LDC's health problems are not like ours, but reflect malnutrition, high fertility, poor sanitation, scarcity of clean water. Moreover, few LDC's can afford to spend more than perhaps \$5-10 per capita annually on health care.
- 4) While the Memorandum cites these causes of poor health, it fails to draw the logical conclusions on programs needed to improve health. As AID, The World Bank, other

donors, and the LDCs have all emphasized, identification of efficient approaches to improving third-world health must involve integrated measures in agriculture, education, etc. as well as health services and water/sanitation, particularly in the poorest countries where the first step to better health is more and better food.

- 5) It fails to emphasize that to work best, these integrated approaches must be designed in the countries concerned, in close collaboration with senior officials of those countries, and by people who understand not only how the health sector affects health but also how agriculture, education, etc. affect health.
- 6) It recommends that HEW be given lead responsibility in improving LDC health, which makes little sense for two reasons:
 - a) HEW has little staff with experience in developing countries; its staff is skilled in high-cost, high-technology U.S. health care which LDCs cannot afford;
 - b) Even if HEW had staff experienced in LDC health problems, it should not have leadership on LDC health assistance because that would make impossible the effective integration of programming at the country level involving agriculture, education, and health programs;
- 7) It ignores AID's responsibility and experience in providing just such integrated programming at the country level, it ignores the emphasis AID has put on extending basic, inexpensive health services in conjunction with water/sanitation and more productive agriculture in rural areas; and it ignores the real success AID, other donors, and the LDC's have had recently with such programs. (Several examples are attached)
- 8) It includes a variety of specific initiatives (e.g., blindness) that need to be planned more carefully before the President commits himself to something that no agency can deliver on for want of an affordable and acceptable way to do the job.

AID would be pleased to participate in interagency review of Dr. Bourne's suggestions in the hope of arriving at a set of recommendations for the President.

Thank you again for seeking AID's comments on this paper.



Robert H. Nooter
Acting Administrator

Attachments:

1. General Comments (Tab A)
2. Detailed Page by Page Comments (Tab B)
3. Specific Examples of AID Health Projects (Tab C)



TAB A

A.I.D. COMMENTS ON INTERNATIONAL HEALTH DECISION MEMORANDUM
TO THE PRESIDENT FROM PETER BOURNE, JANUARY 9, 1978

A.I.D. believes strongly that Dr. Bourne's Memorandum should not go forward to the President in its current form. The Memorandum substantially masks divergent views of State/AID, HEW, Treasury and other concerned agencies, and fails to explain the reasons for those divergent views. At the meeting Dr. Bourne convened to discuss his draft Health Report, agencies disagreed sharply on appropriate initiatives in international health and on appropriate agency responsibility for any initiatives. Dr. Bourne indicated key agencies would have another opportunity to meet with him to at least narrow their differences. That opportunity has not been provided. Further agency discussions should be held and careful presentation of opposing views made before the President is asked to make a decision.

A.I.D. agrees with Dr. Bourne's emphasis on basic health services, clean water, measures to improve sanitation, etc. as the most effective way to improve the health of the majority of people living in low-income countries. But his recommendations for achieving these objectives offer little real hope to achieve the objectives. Instead they seem likely to inhibit the more promising approaches we, other donors, and the developing countries have been at pains to develop over the past two or three years.

The basic flaws in Dr. Bourne's Memorandum are his explicit assumption that health problems in developing countries can be solved by placing emphasis on the health sector in almost total isolation from other sectors and his implicit assumption that western approaches to health care are appropriate to LDCs. Those assumptions are simply untrue.

Health problems of developed and developing countries are very different. Half of those who die in developing countries are children under five. The underlying causes of death include malnutrition, high fertility, and parasitic infections. In developed countries, mortality centers in the population over 50 and arises from heart attack, stroke, cancer, and other conditions associated with rich diets, lack of exercise,

and high-income living.

The solutions to health problems in developed and developing countries also differ dramatically; most LDC's cannot afford per capita health expenditures of more than a few dollars per capita annually. American health care is far beyond the reach of most LDC's. Effective measures to improve third-world health must reflect the causes of poor health in third-world countries and the budgetary realities.

Poor health in developing countries -- as AID, other donors, the IBRD, WHO, and the LDC's themselves have recently emphasized -- results primarily from inadequate and erratic harvests, poor sanitation, severe scarcity of clean water, and low incomes. Dr. Bourne's paper alludes to some of these factors. But he fails to draw the logical conclusions for programs. In these circumstances, "package approaches" covering agriculture, education, water/sanitation and health care are essential to improve third-world health. But the components of the packages should be planned together in integrated fashion, in the country concerned, in collaboration with that country's officials, and by American and developing-country personnel who understand not only health measures but also the full developmental context of the society's problems. Generally, the poorer the country, the greater the need for cross-sectoral programming to improve health; in the very poorest countries, the most important first steps to improving health may be expanding supplies of food and water.

Basic health services can help deal with LDC health problems if they are planned jointly with programs outside the health sector that affect health. But those services must cost no more than \$5-10 per capita per year -- and can therefore hardly resemble U.S. health care. LDCs cannot afford to focus on corps of physicians and intensive-care-units, X-Rays, comprehensive laboratory facilities, and other paraphernalia of rich-country medicine. They must look to corps of paramedicals -- village people -- who can distribute simple medicines (perhaps contraceptives, immunizations, one or two antibiotics, and an anti-malarial drug) and teach hygiene in countries which may be essentially under water six months of the year, or with little or nothing in the way of transport, refrigeration or communication. For example, many developing countries need people who can teach traditional midwives that putting cow-dung on babies' umbilical cords causes neo-natal tetanus, encourage mothers to boil water, to spoon-feed liquids to children with diarrhea, and wash hands to prevent the diarrhea;

and people who can work with farmers to produce more high-lysine crops to provide more complete proteins.

In conjunction with basic health services, developing countries need programs to provide clean water through tube-wells, simple aqueducts, or whatever technology their geology and budgets permit; simple latrines, or other forms of sanitation; nutritious as well as salable agricultural products and techniques of water-management that are designed to limit the spread of diseases such as malaria and schistosomiasis.

Exactly what types of services, water/sanitation, agricultural, or other measures are needed in a specific country can only be determined efficiently by looking simultaneously at how programs in several sectors may affect health in that one country. Integration of a variety of undertakings is essential if they are to work in tandem, not at cross purposes, to promote health.

Given the nature of LDC health problems and the most promising available approaches, it makes little sense to put HEW in charge of substantive program planning. While HEW has great expertise in American health care, it has very little expertise in the kind of programs called for in LDC's -- because its focus is properly on U.S. health problems. But even if HEW recruited staff who fully understood LDC health problems, it would still make little sense to give HEW lead responsibility for designing health programs for LDCs. Instead of encouraging integrated approaches spanning health, agriculture, etc., such a step would split health problems from the rest of development and make impossible the effective integration of programming at the country level.

U.S. assistance designed to promote health in the LDC's, like U.S. assistance designed to spur agriculture, or lower fertility, or improve education should be designed as a package at the country level by one group of people responsible to one agency whose business is development. That is AID's charge: our missions present such packages as their annual budget requests. And while AID's staff is small, its officers and its private sector contractors have spent much if not all their professional lives working in or on behalf of developing countries.

As a practical matter, HEW cannot set up its own mini-foreign-aid missions to provide country-up programming: if

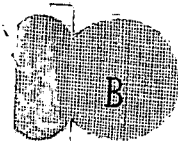
it did, its staff would have to merge with staff of agencies dealing with developing countries, education, agriculture, etc., if programs were to work.

We have no wish to deny HEW a role in international health. Indeed, much of HEW's limited third-world experience was gained at the behest of and under contract with A.I.D. We would welcome greater HEW assistance in providing technical advice on the management and control of key diseases, and plan to make even greater use of CDC in this regard. But we cannot support a proposal to have HEW assume AID's responsibility for leadership in substantive program planning for U.S. assistance to promote third-world problems. That would run exactly counter to the country-up, cross-sectoral programs that we, the other donors, and the LDCs all agree are essential to improve third-world health.

Proving a program works to promote health in developing countries is no easy job; it is difficult to prove that American health programs work in the U.S., even with our wealth of data, skilled personnel, and computer facilities. But AID, other donors, and the LDC's, have come a long way in the past few years in determining what approaches to improving third-world health do work.

AID has nearly completed a new health strategy that builds on the points made in this memorandum.

We have recently begun a number of health projects in developing countries that offer real promise. In many cases AID's initial project planning persuaded the World Bank and other donors to join in the effort, and in some cases led the developing country to place much greater emphasis on basic services, water, and agriculture as opposed to high-care technology reaching only a few people. (Examples are attached as Tab C)



Specific Page by Page Comments on Bourne January 9 Memo

Page 2: "There is no government-wide coordinating mechanism to establish overall policy, goals, or programmatic priorities." The Development Coordinating Committee, chaired by the Administrator of AID, is charged with developing a coordinated, inter-agency approach to key LDC issues and problems like improving health. The DCC could be strengthened, but it exists and it functions.

Page 2: "The allocation of U.S. resources is not currently tied to any assessment of real global health needs or priorities determined geographically, nor is it in terms of what the remaining major crippers and killers are as they affect lost human potential and compromised economic development." A.I.D.'s efforts reflect precisely those considerations, as we have informed Dr. Bourne. We agree that all agencies' efforts could be better coordinated, though, perhaps through the DCC.

Page 3: "There is a disproportionate focus on the development of high technology health care in hospitals and the training of physicians rather than upon prevention and community-based primary care programs to reach poor and rural people." This ignores the whole thrust of AID's strategy, which insofar as it concerns services, does focus on just such community-based programs.

Page 5: "A.I.D. has the bulk of the program funds, but limited technical expertise. HEW has exceptional technical resources, but considerable internal fragmentation; it is legislatively restricted from engaging in international activities that do not directly benefit the U.S. population." A.I.D.'s staff is small, but experienced in LDC health problems. It multiplies its effectiveness by using private sector contractors also experienced in LDC health problems. As discussed above, HEW's expertise is generally quite inappropriate to developing countries.

Page 5: "This position is opposed by A.I.D." The Memorandum should explain why, citing the need for country-up programming covering several sectors that all affect health and note that other agencies agree with us.

Page 6: "Overall Coordination". We would welcome Dr. Bourne's continuing high-level coordination. However, it would be useful to review with affected agencies the nature and extent of such coordination.

Page 6: "Substantive Program Planning." As noted above, AID should retain leadership for program planning for LDC's.

Page 6: "Coordination with Foreign Policy". Any committee relating foreign policy to development issues should focus on the whole range of basic needs and put improved health in appropriate perspective--high priority but not the only objective.

Page 7: "Upgrading the Emphasis on International Health." If AID is considered part of State, then State cannot be said to lack focus on health. If AID is not considered part of State, then AID's role should be mentioned. Also, "basic human needs" is now accepted in a legitimate aspect of foreign policy.

Comments on Proposed Presidential Initiatives

The proposed Presidential Initiative (a) on World Blindness (p. 8) might raise expectations throughout the third world that we could not meet. AID is already programming resources which address the three major preventable causes of blindness: trachoma (through improved water supply), Xerophthalmia (through vitamin A) and onchocerciasis (centered in central Africa). The major remaining cause of blindness is cataract, for which means of prevention are unknown. (Corrective surgery for cataract is available in many countries and is inhibited only by the poverty of the afflicted.) The multidonor consortium established three years ago to reduce onchocerciasis is far more sensible and effective, albeit less dramatic, than a "major administration effort". Indeed, the very experience of that consortium to date is sufficient to discourage the highly public approach recommended in the memo. Our experience with recent initiatives on Vitamin A is similar. Regarding the significance of the problem, we understand that WHO currently estimates that 18 million people are blind and that in the absence of any further action the figure could reach 30 million by the end of the century -- not that there are currently 30 million people

who are blind. Also, the memo does not indicate from where, to where, or for what purpose "existing budgeted funds" would be reprogrammed.

Presidential Initiative (b) for clear water (p. 9) is a welcome call for support of an underfinanced effort carried on mainly by State and AID, with the cooperation of several public and private agencies not including DHEW, for the past three years. At the U.N. Habitat, Water and Desertification Conferences we made clear our willingness to be responsive to LDC requests for assistance. AID intends to increase its funding for such activities as part of an expanding health sector budget, but it is part of the overall foreign aid budget request. However, our expanded efforts will depend greatly upon the commitment of the LDCs themselves at both the local and national level. We should resist the idea that a large fund established by donors will solve the problem.

Presidential Initiative (c) on an international health service corps (p. 9) is sound as an arrangement between DHEW and the Peace Corps so long as DHEW is not made a mandatory clearing house for recruitment.

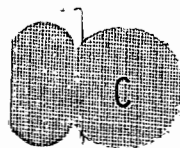
Presidential Initiative (d) for "upgrading" the Fogarty Center (p. 10) might help to extend long-range support to U.S. institutions that assist AID in developing the teaching competence of LDC institutions. But the Fogarty Center should not have a prominent role since it lacks both funds and responsibility and it has no ties to agriculture or other sectors affecting health.

Presidential Initiative (e) on Presidential Scholars in Global Health makes good sense, but perhaps (p. 11) overlooks the Global Community Health program through which DHEW has trained several very talented international health professionals over the past decade. However, it does appear to remedy the main deficiency of the DHEW program which was to afford opportunities almost exclusively to physicians (thereby failing to contribute to multidisciplinary teamwork); and professionals "in early stages of their careers" (thereby failing to benefit from the experience and dedication of those in mid-career).

Presidential Initiative (f) for promoting private sector involvement makes sense, but may reflect excessively the frequently expressed irritation on the part of private voluntary organizations over AID requirements to account to the Government for expenditures of Government funds. Further efforts are being made to streamline our procedures, but we

will continue to assure accountability and project relevance.

As a general matter, these initiatives need to be examined further for technical feasibility, staffing, and budgetary requirements. AID would be glad to help.



AFRICA

TANZANIA

AID is assisting the Government of Tanzania in designing and putting into place a network of outreach services relying on para-medicals and focusing on maternal and child health, sanitation, other environmental hazards, etc.

SAHEL

Following upon a major U.S. role in its Health Commission technical meetings, the Club du Sahel has adopted a strategy for health/nutrition/water investment that reflects AID policy on rural-based promotive, preventive and basic curative health care delivery. Over the long term the system established under this strategy will be self-sustaining within the context of overall economic development, and is expected to improve health status in the Sahel substantially. AID will help implement this strategy by providing technical assistance to the Club du Sahel, and by funding demonstration health/nutrition/family planning programs in three Sahelian countries.

ASIA

Bangladesh

AID is assisting the Government of Bangladesh in establishing a system of health outposts, supplementing the existing skeletal health services, and emphasizing maternal and child health, family planning, sanitation, etc.

ASIA

KOREA

Three years ago AID funded a rural health project in Korea emphasizing preventive care, nutrition, health education and family planning. As a result of AID's project, the Korean Health Ministry developed health planning competence, changed their focus to one of low-cost basic health delivery utilizing paramedical workers and village health committees, and even explored in great detail possibilities for prepaid and insurance underwriting mechanisms. This was followed by an offer from the World Bank to assist the Ministry in replicating the project elsewhere in Korea, which until then the World Bank had been unwilling to do.

THAILAND

Three years ago AID funded a rural health delivery demonstration project in northern Thailand, again based on paramedical and village volunteer personnel. The training curricula developed for this project became so popular that last year the Thai Government standardized them throughout Thailand. The project has become a source of experience for health administrators from many Asian countries. Currently, the World Bank is considering a \$66 million loan to assist the Thai Government in expanding the project, even though the final evaluation is still five years ahead.

LATIN AMERICA

GUATEMALA

With A.I.D. technical and financial assistance, Guatemala is supporting an integrated program to train paramedics and nurse auxiliaries, upgrade rural health centers and establish a health sector planning unit in the National Economic Planning Council. Young men and women selected from their villages to receive a 2 year training program in community organization, preventive medicine and some simplified medical care. These young people have been returning to villages and are presently providing instruction on nutrition, family planning and health education. A clear example of the effectiveness of the program was their leadership in local communities during the recent earthquake. Rural areas are now being adequately served and the program should continue given its success thus far. In conjunction with the services program, AID is supporting efforts to extend supplies of clean water.

PANAMA

Panama's AID-assisted Rural Health Delivery System aims at institutionalizing an integrated low-cost public health system that will provide 1) preventive and curative health services through rural health posts, health centers and sub-centers; 2) safe water and simple sanitation facilities; 3) incentives (e.g. agricultural) for improving the nutrition of the rural population; 4) training for health workers

PANAMA

(paramedics) and administrators; and 5) assistance in improving the efficiency of the administrative tasks of the MOH and Social Security Agency.

NEAR EAST

AFGHANISTAN

This AID-financed project will provide previously non-existent basic health services to 830,000 rural inhabitants at a per capita cost approximating \$5.50 annually. A private contractor is providing training and technical assistance to improve the Ministry of Health Management/Personnel and supply systems for rural health centers; while the University of California at Santa Cruz is under contract to develop the auxiliary nurse/midwife faculty in Kabul so as to ensure adequate supply of staff in future. The number of rural health workers trained to date exceeds initial expectations, and because of the beneficial impact of this project, the Government of Afghanistan is now requesting similar assistance to replicate this program and to develop new programs in health training and nutrition.

TUNISIA

While designing a rural health project just approved for Tunisia, AID conducted a health sector analysis whose results convinced the

TUNISIA


Government of Tunisia not to build expensive, high technology hospitals in two rural areas, but rather to upgrade and convert existing small hospitals into referral units linked health centers and health posts throughout rural areas; to staff each of the lowest-level health posts with newly-trained paramedical workers; and to instigate in medical schools a curriculum that will enable physicians to organize and supervise preventive rural health systems. The World Bank has expressed an interest in expanding this project at a later date.

January 17, 1978

JAN 17 3 29 PM '78

AID
EXECUTIVE SECRETARIAT
ACTION MEMORANDUM FOR THE ACTING ADMINISTRATOR

THROUGH: ES

FROM: AA/PPC, Alexander Shakow 

Problem: Peter Bourne has prepared a decision memorandum to the President (Tab A) with a set of important decision recommendations on international health with which AID does not agree.

Background: We have been working with Peter Bourne's Task Force for many months during the course of which we have been able to make some contributions, but clearly in this final version of the decision memorandum major Agency views are not reflected. As the text of the proposed response indicates, we have many significant problems with the entire proposal. We do not believe it should go forward in its current form.

Recommendation: That you sign the attached memorandum with attachment (AID comments) to Rick Hutcheson (Tab B).

Attachments: Tab A - Peter Bourne Memorandum for the President - Subject: International Health

Tab B - Proposed Response to Rick Hutcheson with AID comments

Clearance: DSB, ASchwarzwalder
(in draft)

AShakow:1/17/78



DEPARTMENT OF STATE

Washington, D.C. 20520

January 18, 1978

LIMITED OFFICIAL USE

MEMORANDUM FOR MR. RICK HUTCHESON
STAFF SECRETARY
THE WHITE HOUSE

Subject: State Department Comments on Bourne
Memorandum to the President dated
January 9, 1978, on International
Health

The State Department concurs with the general proposition of the Bourne memorandum that the U.S. should make larger and more effective contributions to world health. However, we do not believe that the President should be asked to make decisions on the recommendations in this memorandum until these recommendations have been considered at a Cabinet-level meeting and defined more precisely by additional staff work.

Our specific comments on the recommendations are as follows:

1. Recommendations for Improving Coordination of our International Health Policy. The recommendation that an HEW-chaired interagency committee be given responsibility for "substantive program planning" in international health (including health programs in developing countries) has important implications for overall coordination of our foreign aid programs -- an issue that will be considered by the PRC in the near future on the basis of a paper prepared by Ambassador Henry Owen. The proposal to give HEW the leadership responsibility in coordinating the health sector of our development assistance -- and the precedent it would set for transferring responsibility for other major sectors of AID's development assistance such as agriculture and education --

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

- 2 -

should be considered along with alternative approaches discussed in the Owen paper, such as appointing a White House coordinator for development or establishing a Cabinet-level agency with overall responsibility for development.

Moreover, we believe that AID has made a strong case that the health problems of poor countries must be addressed as one aspect of an integrated development strategy designed at the country level by officials with firsthand knowledge of that country's development problems. AID argues, for example, that because malnutrition is such an important cause of poor health in developing countries, our health programs in those countries must be closely coordinated with our agriculture programs, coordination that AID is in the best position to provide. Given the sharp disagreement among other agencies over where leadership should lie, we believe the matter should be discussed at the Cabinet level before it is presented to the President for decision.

We recognize, of course, that HEW has a major contribution to make in the area of international health, especially with respect to the developed countries, and that there must be a mechanism for ensuring that this contribution and those of other agencies are factored into our overall foreign policy. For these reasons, we would like to see further consideration given to appointing a Coordinator for International Health Affairs in the State Department, in a position analogous to that of the present Coordinator for Population Affairs. This Coordinator could, among other responsibilities, chair the proposed interagency committee on the integration of international health issues with our overall foreign policy.

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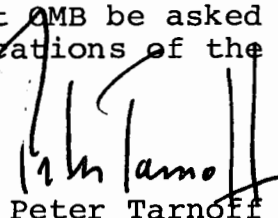
- 3 -

2. Recommendations for Presidential Initiatives in International Health. We believe that several of the proposed Presidential initiatives have considerable merit. Additional study is needed, however, to assess these and other initiatives which may be undertaken by the Administration. To that end, an interagency review of the water supply initiative is presently underway to follow up on the commitments made last year by the Administration at the UN Conference on Water and Desertification. The State Department, working with other agencies, is coordinating this exercise, and plans are presently being formulated regarding the UN's declaration of the 1980's as the Decade of Drinking Water and Sanitation.

In addition, efforts to involve the private sector in "closer partnership with the Federal Government" on international health (page 4), while commendable, must be planned carefully. Similarly, caution should be exercised when consideration is given to utilizing medicine "as a tool in our overall diplomacy particularly in dealing with countries that have not traditionally been friendly towards the U.S." (page 4). Indeed, such decisions should be made on a case-by-case basis following thorough review.

We note that throughout the memorandum there are budgetary and other recommendations that might not receive endorsement on the Hill. The memo should address the Congressional implications of the recommendations and outline a concerted campaign of consultation and planning with the Congress.

Finally, we suggest that OMB be asked to review the implicit budgetary implications of the recommendations.

A handwritten signature in dark ink, appearing to read "Peter Tarnoff", is written over the typed name.

Peter Tarnoff
Executive Secretary

LIMITED OFFICIAL USE

THE WHITE HOUSE
WASHINGTON

January 13, 1978

MEMORANDUM FOR: RICK HUTCHESON
FROM: HENRY OWEN ~~VO~~
SUBJECT : January 9 Memo on International Health by Peter Bourne

1. This memo deals with two issues:

- (a) How should international health programs be coordinated?
- (b) What should be the substance of these programs?

2. The coordination issue is dealt with under A, on pages 5-7.

(a) I agree with the recommendation in sub-para (a) that overall coordination should remain Peter Bourne's responsibility, until the overall aid organizational issues can be sorted out as a result of the President's review of a paper we are writing on this subject, in close concert with the agencies most concerned. I suggest that this recommendation be approved by the President.

(b) The other recommendations (in sub-paras (b), (c), and (d)) sound sensible to me, but I have not had time to study them in any detail and I'd like to know the views of other agencies. I suggest that these views be secured and reflected in another paper for the President before he is asked to pass on these recommendations.

3. The substance of the programs is discussed under B, on pages 8-12. The general thrust of these recommendations makes sense, but they would need to be evaluated and listed in much greater detail before a final judgment could be made. I urge that the President ask AID, State, and OMB to review these proposals carefully in preparing the bilateral aid program proposals for FY 1979.

NATIONAL SECURITY COUNCIL

January 12, 1978

MEMORANDUM FOR: RICK HUTCHESON

FROM: CHRISTINE DODSON *CD*

SUBJECT: BOURNE MEMO DATED 1/12/78
Re: Drug Message Follow-Up

NSC concurs.

NSC points out that the World Bank's support of the rural development projects, PIDER I and PIDER II, in Mexico includes activities in areas of relatively heavy poppy production. (See p.3 of Bourne memo.)

NSC also points out that the discussion of the State Department activities (p. 3 of Bourne memo) refers only to the percentages of U.S. heroin imports that come from Mexico. Without reference to the absolute amounts entering the United States, the impact of the efforts in Mexico cannot be assessed.



OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

January 13, 1978

MEMORANDUM FOR MR. RICK HUTCHESON
STAFF SECRETARY, THE WHITE HOUSE

SUBJECT: International Health Decision Memorandum

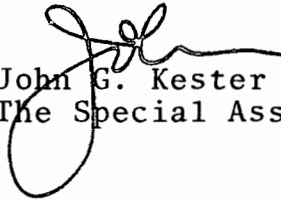
Rick,

The Department of Defense concurs in the findings and recommendations set forth in Peter Bourne's memorandum on International Health. Since most of the recommendations are directed to State and HEW, this Department defers to them. However, in the areas involving DoD, if expanded programs of health research and training for foreign nationals are envisaged, additional funds and resources would have to be programmed to support such an effort.

There are no legislative restrictions to expanded International Health activities by the DoD that of which we are currently aware, and we know of only one minor administrative obstacle relating to reimbursement by foreign governments for military education and training. That obstacle could be corrected if required.

Since we have had less than twenty-four hours to respond to this request, which arrived yesterday afternoon, all the foregoing must be taken as tentative, but it is our best information as of now.

You can be assured of Department of Defense support of this humanitarian effort.


John G. Kester
The Special Assistant



OFFICE OF
THE DIRECTOR

ACTION

WASHINGTON, D.C. 20525

January 13, 1978

MEMORANDUM

TO: Peter Bourne, M.D.
Special Assistant to the President
for Health Issues

FROM: Sam Brown
Sam

SUBJECT: International Health

We have reviewed with considerable interest your January 9, 1978, memorandum to the President regarding the international health assessment report. We appreciate having been continuously involved in the assessment, both through periodic review of materials and the on-site participation by Peace Corps staff over the past few months.

The fact that for the first time an assessment has been conducted of the activities of the 22 federal agencies involved in international health, spending some \$522 million in FY 1976, under more than 100 separate legislative mandates, is extremely encouraging.

As you may know, health and nutrition is the top priority in ACTION/Peace Corps' basic human needs strategy for both domestic and international programming. Mary King has been very active in promoting and encouraging multi-lateral health programming as a part of overall policy development in the health area. The findings of the report and particularly the suggested Presidential Initiatives will be very useful to us as we define specific health programming objectives.

Most of the concerns and interests of the Agency have been incorporated in your report. We are pleased to have been a part of this effort and look forward to working with you in the future in the implementation of those recommendations which have particular relevance for our work here.

ID 780063

T H E W H I T E H O U S E

WASHINGTON

DATE: JAN 11 78

FOR ACTION: STU EIZENSTAT

ZBIG BRZEZINSKI (HENRY OWEN)

JIM MCINTYRE

TIM KRAFT

INFO ONLY: THE VICE PRESIDENT

FRANK MOORE (LES FRANCIS)

JACK WATSON

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT BOURNE MEMO DATED 1/9/78 RE INTERNATIONAL HEALTH

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY 1200 PM FRIDAY JAN 13 78

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE

WASHINGTON

January 9, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE **P.B.**

SUBJECT: INTERNATIONAL HEALTH

On July 30th, 1977 you sent me a note referring to the issue of International Health directing me to prepare from you to key members of the Cabinet a memo "directing them to cooperate with you in doing the analysis - I can call them in later for a meeting when I understand from you what we need to do." In collaboration with the involved agencies we have completed that analysis producing a 500 page report which we have circulated for comment both within the government, and in the private sector. It will be published as an administration document. This memo summarizes the recommendations of that report, and following your trip I would like to request that we have the meeting you proposed.

I. GOALS OF THE STUDY

- To survey and inventory current U.S. government activities in the area of International Health including legislative authorities, budget allocations, policies and programs.
- To examine present goals and philosophies which currently guide our International Health activities, and to assess their effectiveness and relevance to the health needs of the world today.
- To examine the extent to which International Health is integrated with other governmental activities including the formulation of foreign policy, domestic health policy, development assistance as well as commercial and trade policy.
- To review the relationship between the U.S. Government's International Health programs, private voluntary agencies and multilateral organizations including international financial institutions.
- To review present mechanisms for interagency coordination and for long range planning and goal setting of International Health programs.

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE

SUBJECT: INTERNATIONAL HEALTH

- To recommend organizational, programmatic and legislative actions that would improve the existing use of current resources and create a sense of a new Carter initiative as a concrete manifestation of the commitment to meeting global basic human needs.

II. FINDINGS

The United States interests in International Health involve the following: the elimination of the remaining major infectious diseases afflicting mankind (being primarily the product of poor sanitation and malnutrition, and involving for the most part the developing world), the provision of access to a basic minimum level of health care for people everywhere, the pooling of knowledge and fostering of collaborative research activities to advance medical science, the use of medicine as an instrument to form a common bond outside traditional political channels with countries we wish to draw closer to us, and the development of markets overseas for products of the American health industry.

- 22 Federal agencies are involved in International Health, spending \$522 million in FY 1976, under more than 100 separate legislative mandates.
- Involvement in International Health while traditionally thought of as exclusively an aspect of foreign aid, includes not only development assistance, but commercial, diplomatic, and environmental considerations with the majority of U.S. Government expenditures currently being made outside the developing world.
- There is no government-wide coordinating mechanism to establish overall policy, goals or programmatic priorities. Extraordinary resources exist within the government that are not being utilized with anywhere near their full potential. New scientific discoveries are nowhere near as important as better application of current knowledge and resources.
- The allocation of U.S. resources is not currently tied to any assessment of real global health needs or priorities determined geographically, nor is it in terms of what the remaining major cripples and killers are as they affect lost human potential and compromised economic development. Even for a given country it is often impossible to tell which Federal agencies have programs there with no overall coordination to work towards mutually agreed upon goals.

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

- While both you and Secretary Vance have made repeated strong statements about the importance you attach to meeting basic human needs, there is little or no integration of International Health into the formulation and execution of U.S. foreign policy. This is largely due to the lack of an organizational focus with technical expertise in health or other basic human needs at a high level in the State Department. It is also attributable to a traditionally held view that such human concerns are "non-conventional diplomacy".
- Fragmentation in the Executive Branch is compounded by overlapping and competing jurisdictions among different committees in the Congress.
- The effective use of some of our greatest International Health resources particularly in HEW and DOD is currently severely compromised by specific and generally outdated legislative restrictions.
- There is a disproportionate focus on the development of high technology health care in hospitals and the training of physicians rather than upon prevention and community-based primary care programs to reach poor and rural people. Such international research cooperation as has occurred has overwhelmingly emphasized problems of developed industrialized nations such as cancer and heart disease.
- The resources committed to International Health by the private sector exceed those of the Federal Government. Academic institutions, missionary, private voluntary organizations and other humanitarian groups as well as business express a strong desire to coordinate their efforts with the Federal Government, but believe there is no effective mechanism for doing so.

III. RECOMMENDATIONS

We recommend that a program called "New Directions in International Health" be initiated, which could be identified as an initial fulfillment of your promise to implement a global basic human needs strategy. Consistent with your decisions in the recent memo relating to development assistance, to stress aid to the poorest people in the world, we feel attention to this group should be given the highest priority in the International Health initiative. We recommend the following goals:

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE

SUBJECT: INTERNATIONAL HEALTH

- To develop and pursue a strategy aimed at improving the health status of the 1 billion poorest people in the world.
- To emphasize the delivery of community based primary health care, cost-effective training at the most appropriate level of health personnel as near to the point where they will deliver services, and the development of research programs which place a priority emphasis on the remaining major health problems, especially infectious diseases, of the developing world.
- To encourage special emphasis on dealing with the generic problems of ill health, malnutrition, lack of clean water supplies, over-population and poverty, putting greatest emphasis on the prevention rather than the treatment of disease.
- To focus, coordinate, and when appropriate reshape U.S. goals in International Health to achieve a government-wide coordinated program which would reduce current fragmentation, and insure that existing resources were used more effectively.
- To strengthen existing institutions in our government which already deal with International Health problems, and build a greater awareness of International Health and concern for basic human needs as a more legitimate and consequential element in our foreign policy.
- To establish certain specific new initiatives with which you personally could be identified.
- To engage, through your leadership, the active participation of nations around the world both bilaterally and through multilateral organizations, especially WHO, UNICEF and the World Bank, in this endeavor.
- To encourage greater private sector involvement in International Health activities, and a closer partnership with the Federal Government.
- To plan a more coordinated and effective use of medicine as a tool in our overall diplomacy particularly in dealing with countries that have not traditionally been friendly towards the U.S.

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

IV. DECISIONS

A. Improving Coordination and Long Range Planning

The key to a new International Health program is not the expenditure of large amounts of new money, but a re-programming and better utilization of present resources. Establishing an effective interagency coordinating mechanism can be the difference between success and failure in this endeavor.

Apart from the fragmentation of International Health programs between 22 agencies, a major problem exists because of divided responsibility and authority among the largest agencies. A.I.D. has the bulk of the program funds, but limited technical expertise. H.E.W. has exceptional technical resources, but considerable internal fragmentation; it is legislatively restricted from engaging in international activities that do not directly benefit the U.S. population. The State Department has the formal policy making authority in this area, but currently lacks the organizational structure or technical competence at a high level to carry out this responsibility or to take the lead which theoretically it should. Treasury regularly makes major decisions, particularly regarding the I.F.I.'s, that have extraordinary impact on world health, often without any awareness of that impact. Peace Corps, NASA, DOD, the Commerce Department, C.I.A., the Veterans Administration, E.P.A. and others all have specific specialized areas of interest, but make decisions in their own interests, in isolation, unrelated to any overall coordination or policy.

Among the agencies there is general agreement that a coordinating committee, or committees, need to be set up. There is, however, disagreement as to who should have the lead responsibility. Secretary Califano states, "the chief spokespersons on International Health affairs should be the Secretary of DHEW, the Assistant Secretary for Health and the Surgeon General. Any interagency committee on International Health should be chaired by H.E.W." This position is opposed by A.I.D. Governor Gilligan is concerned about setting a precedent that would go beyond the health area and comments, "I urge you to resist vigorously any proposals to fragment development assistance responsibilities-----especially by dispersing authority to agencies whose primary concerns are domestic."

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

The organizational decision paper on development assistance currently being prepared by Henry Owen may have some bearing on this area, however, in the meantime, I believe that given this conflict the most effective coordination can be achieved by:

(a) Overall Coordination - Maintaining overall coordination out of my office as we have done up till now. This would avoid some territorial problems and also would symbolically maintain your own direct interest. It should be clear that this would not be a permanent new structure, but a short term mechanism to insure the momentum of a new initiative establishing overall policy and priorities. I believe in this way we can duplicate the highly successful coordination we have achieved in the drug area, a similarly fragmented field.

(b) Substantive Program Planning - Establishing a committee chaired by DHEW that would be responsible for further developing a government-wide substantive program in International Health. This would involve identifying those disease entities amenable to major assault, geographic regions or countries where U.S. resources could have a major impact, and special generic areas such as vector control, global epidemic surveillance and cleaning water supplies that might be appropriate to emphasize. In coordination with other agencies they would determine how the available resources could be mobilized and coordinated to deal with the priority areas they had identified. This committee would also establish sub-committees to address the setting of research, manpower development and training priorities.

(c) Coordination with Foreign Policy - Establishing a committee chaired by the Department of State would review region by region, and country by country, our goals and priorities in the International Health area. The U.S. Government resources going into each country would be carefully inventoried, a determination made of whether current expenditures are adequately coordinated, and aimed at achieving agreed health goals for that country. We anticipate A.I.D. would play the major role in the review of the countries where they are involved. We are prepared

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

to ask the State Department to begin immediately such a review of Africa, and to provide them the appropriate background material which my office has prepared. This committee would also address the issue of how International Health activities could be most effectively coordinated within our missions overseas, and how host countries could best be made aware of the range of resources, such as appropriate training opportunities, now available in the United States. This committee would also address the issue of how International Health could be better incorporated into our overall conduct of foreign policy.

(d) Upgrading the Emphasis on International Health - Understanding that in order to realize fully the U.S. Government's potential in the International Health field certain internal changes need to be made within the departments. In response to the high priority you have attached to this area some of these changes already have been instituted. DHEW is completing an extensive internal review of its International Health functions, upgrading its emphasis, centralizing coordination and considering the creation of a position of Deputy Assistant Secretary for International Health. The role of C.D.C., which has already established a world-wide reputation for excellence, is to be expanded. The State Department lacks the high level focus with technical competence to permit adequate incorporation of health or basic needs concerns in general into the formulation of foreign policy. More important, a change in philosophy is needed so that concern for basic human needs is accepted as a legitimate aspect of foreign policy. This I believe can only be overcome by clear direction from you. They are moving now to create such a competent high level focus. A similar problem exists in Treasury. The Department needs to heighten its own awareness of International Health in internal decision making. Treasury should acquaint the IDLI's with evolving U.S. policies on International Health, and encourage them to give greater priority to an appropriate role for projects touching on health among their overall development loan programs. In DOD, legislative constraints and

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

old but perpetuated administrative decisions continue to restrict adequate utilization of our single greatest untapped resource in this field. A clear instruction from you to all of the agencies to seek ways to make their resources more readily and effectively available is important.

I believe that the steps outlined above, if you approve, would overcome the problems of fragmentation and the present lack of clearcut long range goals providing the framework for an effective Presidential initiative in this area.

DECISION: Approve _____; Disapprove _____

B. Presidential Initiatives

In addition to the significant impact an improved and streamlined planning and coordinating mechanism would have on world health, I believe, certain specific new initiatives should be undertaken which could be identified as reflecting your personal involvement.

(a) World Blindness - More than 30 million people in the world are blind, most of them from preventable causes. A major administration effort to reduce blindness worldwide would have dramatic appeal, could be uniquely and distinctively identified with you from other present International Health emphasis, would be geared to the poorest people in the world as well as being relevant to the industrialized nations including the U.S., and would not be vulnerable to the criticism that we were saving lives that would only amount to more mouths to feed. It would of necessity result in a program with special emphasis on the Middle East. It would overlap and complement, (without competing with) the World Health Organization's highly visible Tropical Disease Research Program. I also believe it would generate strong international and domestic support, for instance, from Lions Clubs. By re-programming existing budgeted funds, this program could be implemented immediately. An enhanced and expanded plan could be prepared for next year's budget cycle.

DECISION: Approve _____; Disapprove _____

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

(b) Rural Water Supply - It is estimated that by making clean drinking water readily available to all people in the world, 50 million lives a year would be saved. The World Health Organization has set this as a priority, and 1980 is the beginning of the U.N. "Decade of Water". Following the two U.N. Conferences this year on Water and Desertification an interagency coordinating committee chaired by the State Department has been established to develop overall U.S. policy on global water supply. While less dramatic than some other initiatives, strong clear support by you of the goal of clean drinking water for people everywhere would, in the long run, probably have the most significant lasting impact on world health of anything you could do. Initiating programs that make clean drinking water available also will significantly effect, for the better, the role of women in the developing world, who spend major parts of their lives drawing and carrying water from distant sources. While the potential level of expenditure for this purpose is almost unlimited, a major start can be made now without new funds, and careful consideration can be given to expanding our programs in this area in next year's budget.

DECISION: Approve _____; Disapprove _____

(c) International Health Service Corps - There is a great deal of interest in the possibility of establishing a health oriented volunteer program that would use American volunteers at all levels of health expertise. Such a program, which would clearly be identified as your concept, would be formed building on the Peace Corps in ACTION and the National Health Service Corps in the Health Services Administration in DHEW.

ACTION currently has over 1,000 health volunteers in such service. This number could be expanded and the proportion of health professionals among them increased. ACTION should continue to increase its efforts in health programming in order to ensure effective assignment and performance of these volunteers.

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

The National Health Service Corps can apply two of its current functions to an International Health Service Corps: (1) to recruit personnel and administer their assignment to positions programmed for them by ACTION; and (2) increase the number of Public Health Service Scholarships awarded annually allowing a like number of scholarship recipients to satisfy their scholarship payback requirements by serving in the International Health Service Corps. A slight modification to existing legislation would result in 150 to 250 scholarship recipients serving annually in the International Health Service Corps. This would have no adverse effect on domestic health manpower needs, yet would greatly improve chances to recruit health professionals for international service. As experience has shown many will eventually return to domestic health service. The Health Services Administration in DHEW could also serve as a recruiting clearing house for other government agencies in International Health and in managing development of U.S. Government personnel for careers in International Health. Estimated cost would be \$3 - 5 million as an additional increment over present expenditures.

DECISION: Approve _____; Disapprove _____

(d) Up-Grading the Fogarty International Center at The National Institutes of Health - Specific legislative authority should be developed to upgrade the existing Fogarty International Center at the National Institutes for Health making it a more visible focus as a center of excellence for the development of International Health policy. This action would provide needed organizational strength and authority for the center to carry out long range studies of International Health problems. It would also raise its stature in the U.S. and international scientific communities reflecting the new priority attached to International Health by your Administration. In particular, the Center would address the issue of long range manpower development, stimulating involved mobilization, and coordination of the U.S. academic medical community to build health skills in the developing world. In conjunction with A.I.D. they would work towards the development of International Health consortia among academic institutions in this

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

country that would establish linkages with institutions in the developing world aimed at building their capabilities in research and training. These consortia could in particular address the problems of blindness and world water supplies.

DECISION: Approve _____; Disapprove _____

(e) Presidential Scholars in Global Health - The U.S. should establish a program for "Presidential Scholars in Global Health". Twenty Associate Scholars, all in early stages of their careers, would be selected (by a distinguished public/private panel of scientists) to study problems of implementing change in International Health. In addition, four distinguished Senior Scholars would prepare scholarly papers on contemporary International Health policy problems; they would work and lecture at NIH, and be based at the Fogarty Center. Annual cost would be \$650,000, including personnel positions to run the program.

DECISION: Approve _____; Disapprove _____

(f) Expanding Private Sector Involvement - The U.S. private sector, i.e., academia, multinational corporation, labor, church-related organizations, private voluntary organizations foundations, and individuals, should be given wider opportunities to contribute to U.S. International Health activities. Their efforts have been significant among the contributions this nation has made in International Health. In many cases they can be more effective, more innovative, and more acceptable in many countries than direct U.S. Government efforts. Recent tax and foreign policy decisions, as well as inflationary erosion of their purchasing power, have reduced private sector capacity to expand or even sustain their past activities. Reversing this trend could substantially reduce the burden on direct U.S. Government expenditures. The U.S. Government should actively seek ways to capitalize on and expand the involvement of the private sector. While the organizational paper being

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: INTERNATIONAL HEALTH

prepared by Henry Owen will address this area within the broader context of development assistance we believe certain specific steps could be taken now to strengthen the role of private voluntary organizations in the health area:

- Strengthen and formalize the PVO-grant making activities of A.I.D. to increase PVO performance on A.I.D. projects.
- Establish an expanded PVO program which is centered in A.I.D. (A.I.D. has recently set up an Office for Private Humanitarian Assistance). It would involve all agencies with significant International Health programs who would assign a PVO liaison coordinator to work with A.I.D.
- Consideration should be given to providing 5 year care support (\$1 million per year) to create a consortium of PVOs including the establishment of an Information Clearinghouse for their activities to resolve the present lack of communication and collaboration.

DECISION: Approve _____; Disapprove _____

The effectiveness of the new International Health initiative is tied closely to working in a supporting and collaborative way with multilateral organizations such as the World Bank, UNICEF, and the World Health Organization. Following your meeting with Dr. Mahler, we have agreed to hold meetings twice a year between top officials of WHO and key representatives of the U.S. Government. Similarly we expect to rely heavily on the continuing close relationship with the National Institute of Medicine of the National Academy of Sciences. Much of the cost of this initiative would be subsumed under the decisions you have already made to increase the foreign aid budget generally. For instance the commitment to make a commitment of \$10 million to WHO's Tropical Disease Research Program.

Consistent with your instructions on the development assistance decision memo we will seek to involve public figures including those from the entertainment industry in building public support

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE

SUBJECT: INTERNATIONAL HEALTH

for this initiative. We would do this as part of the overall strategy now being developed with the NSC to build public support for foreign aid in general. Focussing public attention on an issue such as health, I believe, humanizes our foreign policy and makes it personally understandable in a way that amorphous impersonal issues like SALT and the Panama Canal are not. However, I think there is a spill over benefit to these harder issues in that good will in general is generated for your foreign policy.

If you approve, in general, of the above recommendations I suggest a meeting in the next couple of weeks as you proposed previously. The meeting should include Califano, Vance, Sam Brown, Harold Brown, Blumenthal, Gilligan and Henry Owen. The meeting should consider the implementation of the recommendations included here. I would like then to develop a public statement for you laying out this strategy either in the form of a message to the Congress, as a separate speech, or as part of a larger statement on global human needs.

PGB:ss

THE WHITE HOUSE

WASHINGTON

Date: January 11, 1978

MEMORANDUM

FOR ACTION:

Secretary Vance - wcd
Secretary Blumenthal Tues
Secretary Califano
Secretary Brown *attached*
Director S. Brown *attached*
Administrator Gilligan *attached*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bourne memo dated 1/9/78 re International Health

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Friday

DATE: January 13, 1978

ACTION REQUESTED:

Other: ☒ Your comments

STAFF RESPONSE:

☐ I concur. ☐ No comment.
Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

ID 780063

T H E W H I T E H O U S E

WASHINGTON

DATE: JAN 11 78

FOR ACTION: STU EIZENSTAT *concur w/ M. McIntyre* JIM MCINTYRE - *attached*

ZBIG BRZEZINSKI (HENRY OWEN)

TIM KRAFT

*attached
concur*

INFO ONLY: THE VICE PRESIDENT

FRANK MOORE (LES FRANCIS)

JACK WATSON

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT BOURNE MEMO DATED 1/9/78 RE INTERNATIONAL HEALTH

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY 1200 PM FRIDAY JAN 13 78

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

UNITED STATES GOVERNMENT

Memorandum

TO : OES - Ms. Mink
THROUGH: OES/ENP - Mr. Grant *W*
FROM : OES/ENP/EN - William Walsh *YDWE*

DATE: January 18,
1 9 7 8

SUBJECT: State Department Comments on Bourne International Health
Memorandum (January 17, 1978, Acting Secretary from Lucy
Wilson Benson memorandum, and attachments)

In my opinion, the President is being poorly served by the negativism reflected in the Department's memorandum for Rick Hutcheson. The tone contrasts sharply with the comments that OES made on the Bourne memorandum for the President (copy attached).

I feel very strongly that an opportunity for improving international health in the real world will be missed if bureaucratic games continue to be played in this manner. Dr. Bourne may have struck some initially as being an "unguided missile." If he is or was, it seems to me that our job is to give him positive guidance - not to shoot him down.

The Department's memorandum makes a series of generalized, unspecific statements in support of the contention that the Bourne memorandum is not yet ready for the President's attention. Yet, the specific comments by the Department are hardly cause for delaying the Bourne memorandum to the President any longer.

Attachments

W
OES/ENP/EN:WWalsh:nps



5010-110

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

UNDER SECRETARY OF STATE
FOR SECURITY ASSISTANCE
WASHINGTON

MEMORANDUM

TO: Dr. Peter Bourne
Special Assistant to the President
The White House

FROM: T - Lucy Wilson Benson

SUBJECT: Comments On Draft Bourne Memo To The President
Dated 1/9/78 Re International Health

General Comment

The memorandum cites many significant problems that exist in international health. It delineates realistic goals, suggests a course of action that proposes the removal of impediments to the achievement of those goals and holds clear promise if supported by the President, of having a significant impact on initiating and bolstering programs to meet basic human needs.

Specific Comments:

We agree with the major thrust of the memorandum and most of its minor points as well. The following comments suggest either minor modification or support of statements in the memorandum.

1. Page 2, Last Paragraph - "The allocation of U.S. resources is not currently tied to any assessment of real global health needs or priorities determined geographically, nor is it in terms of what the remaining major cripples and killers are as they affect lost human potential and compromised economic development."

Comment: This statement no doubt applies to a high percentage of U.S. resources, but there have been several attempts to allocate U.S. resources on a rational basis. For example, the U.S. participates in a periodic WHO exercise to assess global health needs and priorities and to attempt to set up programs accordingly.

2. Page 4, First Paragraph - "To develop and pursue a strategy aimed at improving the health status of the 1 billion poorest people in the world."

Comment: We agree with what we think is meant. But, there is a question of how to get just to the poorest billion. And we certainly would not want to convey the impression that we are in any way against improving the health of all the rest of peoples, everywhere.

3. Page 4, Paragraph 5 - "To strengthen existing institutions in our government which already deal with International Health problems, and build a greater awareness of International Health and concern for basic human needs as a more legitimate and consequential element in our foreign policy."

Comment: We agree wholeheartedly with this concept. OES has taken an initial step in this direction. Of course, we are constrained by the resources we have available.

4. Page 4, Last Paragraph - "To plan a more coordinated and effective use of medicine as a tool in our overall diplomacy particularly in dealing with countries that have not traditionally been friendly towards the U.S."

Comment: We agree with this concept but voice a word of caution: Health as a tool in diplomacy can sometimes be more effective if the fact that it is in our "diplomatic tool kit" is not advertised. We must also be wary of "politicizing" or even giving the appearance of "politicizing" health.

5. Page 7, Paragraph (d) - "The State Department lacks the high level focus with technical competence to permit adequate incorporation of health or basic needs concerns in general into the formulation of foreign policy. More important, a change in philosophy is needed so that concern for basic human needs is accepted as a legitimate aspect of foreign policy. This I believe can only be overcome by clear direction from you."

Comment: State would welcome a Presidential statement along these lines. We will require some augmentation of resources to carry out the health and basic human needs mandates, however.

6. Page 3, Under Presidential Initiatives (a)

Comment: The initiatives on "World Blindness" should be not only to "reduce blindness" but also to rehabilitate the blind.

7. Page 9, First Paragraph On Rural Water Supply.

Nitpick: reference in line 6 should be "Decade of Drinking Water and Sanitation".

Comment: The Department of State wholeheartedly supports combatting the effects of "World Blindness" and improving "Rural Water Supplies" as being laudable health initiatives of the very highest priority. We also strongly condone the initiatives that follow in priority order as worthy of Presidential support.

The one area that we would advocate the highest priority be given to is the accelerated development of integrated health and population-control delivery systems.

Drafted by:
CES/ENP/EN:WJWalsh, III:dr
1/13/78:Ext:22418

Cleared by:
CES/ENP - L. Grant

Assistant Secretary of State
OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS
WASHINGTON, D. C. 20520

TO: T - Lucy Wilson Benson January 13, 1978
FROM: OES - Patsy T. Mink
SUBJECT: Transmittal of Comments on Draft Bourne Memorandum
to the President on International Health

The attached memorandum contains the Department's comments on Dr. Bourne's draft memorandum to the President on international health.

We received the draft of Dr. Bourne's memo only yesterday but our comments are due in the White House at noon today.

I recommend that you sign the attached memorandum.

Cleared by:
OES/ENP: LGrant

LM
YRW
OES/ENP/EN: WJWalsh, III:srs

THE WHITE HOUSE

WASHINGTON

January 18, 1978

MEETING WITH SENATOR RUSSELL LONG

Thursday, January 19, 1978

9:30 a.m. (30 minutes)

The Oval Office

From: Frank Moore

I. PURPOSE

To discuss energy matters, tax reform and other aspects of the 1978 agenda.

II. BACKGROUND, PARTICIPANTS, & PRESS PLAN

A. Background: Senator Long is still concerned that there are not enough votes in the Senate to pass the bill if it contains the crude oil equalization tax. He has pointed out that Administration supporters like Senator Hollings have flatly stated that they will vote against COET and will filibuster any bill which contains it.

B. Participants: The President
Senator Long
Frank Moore

C. Press Plan: White House photographer only.

III. TALKING POINTS

Tax Reform

1. Secretary Blumenthal briefed Senator Long today (Wednesday) by telephone on the details of your tax package. You should ask him for his reaction.

2. In your meeting with Congressman Ullman Tuesday, you discussed a rough schedule for passage of the tax package. You should urge Chairman Long to deal with the tax package as expeditiously as possible, just as Ullman plans to do in the House.
3. You should stress the importance of keeping the tax package in balance. As you know, general tax rate reductions are to be paid for in part by tax reforms saving \$10 billion.

Energy

1. In his telephone conversation with Secretary Blumenthal today, Chairman Long emphasized the difficulties in getting COET out of conference and through the Senate. He will probably repeat this to you and will strongly suggest that the only way COET can be salvaged will be through substantial producer incentives in order to make the bill more palatable in the Senate. You should be firm in your commitment to COET and make it clear to Senator Long that the energy producers will receive some favorable administrative oil pricing changes in exchange for which they will be expected to deliver many senators who previously expressed opposition to COET. Also, you should point out to Senator Long that COET is not likely to be voted on by itself but, rather, as part of an energy tax package which will have some attractive features.
2. Senator Long has consistently opposed the user tax -- he voted to impose all of the other taxes we proposed -- and appears unwilling to accept anything stronger than the Metzenbaum user tax amendment which was adopted on the Senate floor over Long's objections. You should try to push him in the direction of strengthening the Senate-passed provision as much as possible, since the user tax provides by far the greatest energy savings of any of the taxes in the National Energy Plan.
3. In general, Senator Long will paint a bleak picture, outlining for you all the reasons the energy tax bill is in trouble and cannot possibly pass. In response, you should be firm in letting him know that you are counting on him to work out a strong bill which is based on your original proposals, pointing out that without his help, the chances for a good bill are minimal. Any number of senators can kill the kind of energy tax measure that the country needs, but he is virtually the only senator who can insure that an acceptable bill passes.

THE WHITE HOUSE

WASHINGTON

January 18, 1978

MEETING WITH REP. JOHN RHODES (R-1-AZ)

Thursday, January 19, 1978

10:15 a.m. (15 minutes)

The Oval Office

From: Frank Moore

I. PURPOSE

To discuss the legislative agenda for the coming year with emphasis on the economic package, the postal reform bill, hospital cost containment, and the Central Arizona project.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background: John Rhodes was first elected to the House in 1952 and elected Minority Leader in 1973, succeeding Jerry Ford. While the Minority Leader has been an avid partisan, he has gone out of his way to cooperate with our staff by introducing us to the Minority staff on the Hill and offering his offices to facilitate any mutually beneficial exchange of views and ideas that may arise.

NOTE: He, along with other members of the Minority, have been invited to a joint leadership breakfast with you on Tuesday, January 24.

Participants: The President and Minority Leader Rhodes.

Press Plan: White House Photographer.

III. TALKING POINTS

1. You should begin with an overview of the priorities for this coming year. The Republicans, in the past, have not supported the majority of your energy program proposals. They will, as a group, be more susceptible to the international pressures of the dollar and the general dampening effect on the economy that a failure to produce an energy bill will result in.

2. In discussing the economic package, you should stress the size of the business tax cuts and downplay the reforms, except to indicate that they make up a substantial portion of the revenues and are necessary to have any hope of balancing the budget by 1981.
3. The postal reform bill that is pending in the Rules Committee has been consistently opposed by the Minority during the mark-up process. They have expressed concerns about tripling the size of the subsidy and we could expect them to be supportive of a move to postpone the bill after the Rules Committee vote.
4. Rep. Rhodes expects that we will be making substantial efforts on behalf of the hospital cost containment bill, the Alaskan D-2 lands bill, and the OCS bill. It is unlikely that we will attract much support on any of these matters from the Minority.
5. On a personal basis, Rep. Rhodes has an interest in seeing the Omnibus Judgeships bill proceed. He would like one additional judge from Arizona, but would be generally supportive of the legislation even without it.
6. At some point during the conversation, you might want to mention that the Central Arizona Project is included in the Fiscal Year '79 Budget and is on an accelerated completion schedule over that of the FY '78 Budget.

278

THE WHITE HOUSE
WASHINGTON

January 19, 1978

Jody Powell

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

VERMONT ROYSTER

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
/		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

Electrostatic Copy Made
for Preservation Purposes

THE PRESIDENT HAS SEEN.

The Coca-Cola Company

ATLANTA, GEORGIA

J. PAUL AUSTIN
CHAIRMAN OF THE BOARD

December 21, 1977

ADDRESS REPLY TO
P. O. DRAWER 1734
ATLANTA, GA. 30301

404-897-2121

Mr. Charles H. Kirbo
King & Spalding
2500 Trust Company Tower
Atlanta, Georgia 30303

Dear Charlie:

I am on the Dow Jones Board. Next to me is seated Vermont (Roy) Royster. Roy, prior to his retirement, was a central figure in the Dow Jones picture and since retirement continues to contribute meaningful articles on many subjects, including the article attached hereto resulting from an interview in Plains with President Carter. He has been in touch with the White House (Jody Powell) to request the opportunity of having another non-issue oriented interview. He thinks his request has gotten bogged down.

Roy writes well-balanced, factual interview articles and I think the President would get an overall plus if Roy could be worked into his calendar.

It was just as well you didn't try to make the duck shoot. Atlanta Airport was closed and we never got off the ground. I'll try later in the year.

Kindest personal regards.

Sincerely,

Paul

JPA:ls
Attachment

*You may have some
interest in this
over it this particular
time
CK.*

*✓ cc Jody
info
J*

8:45 AM

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

January 18, 1978

MEETING WITH REP. RICHARD BOLLING (D-MO-5)

Thursday, January 19, 1978

8:45 a.m. (15 minutes)

The Oval Office

From: Frank Moore

J.M./BR

I. PURPOSE

To discuss the 1978 legislative agenda with particular emphasis on economic issues.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

Background: Rep. Bolling was first elected in 1948 and received 68% of the vote in 1976. Congressional Quarterly gave him a 67% Presidential support rating for the First Session of the 95th Congress. He is a member of the Rules Committee (#2), Chairman of the Joint Economic Committee, and a member of the Ad Hoc Committee on Energy (#2). He put together the procedural situation which allowed the energy plan to be handled in such an unusual manner. One of his final contributions to energy will be creating a rule to allow the House to consider the five different energy bills in one package. He is a student of the House and is well respected for his abilities to guide difficult and controversial matters through the maze of House rules. He had a mild heart attack in November, but appears to have recovered satisfactorily. Just for your information, his wife was the director of congressional liaison at the Department of Health, Education and Welfare during the Johnson Administration.

Participants: The President, Rep. Bolling, Frank Moore and Bill Cable.

Press Plan: White House photographer only.

III. TALKING POINTS

1. Thank Bolling for the leadership he has shown in the Rules Committee during the last year, especially the drafting of the rule on the energy bill as well as the energy conference.
2. The Rules Committee will be facing two extremely important issues early in the session -- the Outer Continental Shelf (OCS) bill and the Postal bill. Concerning OCS, you should indicate the importance of getting this issue to the floor so that the OCS lease sales which are coming up this year can be conducted under the protections established in this

bill. If the Breaux (D-IA-7) revenue sharing amendment could be procedurally eliminated, it would be in our best interest. Bolling should be asked to work with us to see how we might best defeat this amendment.

The other bill to be brought before the Rules Committee early in the session is H.R. 7700, the Wilson/Hanley postal bill. There is unanimous agreement among OMB, DPS, DL and the Postal Service that the bill is bad and should not be signed if presented in its present form. There is mixed sentiment in the House, but agreement that when it gets to the floor it will pass in an unacceptable form. Further complicating matters are the spring labor negotiations.

- The labor agreement expires on July 20, 1978.
- Two of the union presidents are up for re-election in August and face substantial opposition in their re-election bids.
- H.R. 7700 provides, among other things, an increase in the unearmarked postal subsidy from \$900,000,000 to \$2.7 BILLION.
- With that dollar increase as a possibility/probability, there is no way that postal management can negotiate a long term contract that reflects your deceleration goals which make up a major portion of the anti-inflation segment of the economic package.

It is important to begin the education process now and to ask for Bolling's help.

3. As Chairman of the Joint Economic Committee, Bolling will be in a position to hold hearings on the budget, economic proposals and tax reform. You should make general remarks about the state of the economy, (how we established our goals and in large part met them), and the need for the economic package in order to keep a healthy, expanding economy from going into a slump.
4. As an energy conferee who has not been extremely active since the House passed the bill, Bolling needs to be reassured that we are not willing to accept anything in terms of an energy bill just to get a bill. While he clearly does not agree 100% with Rep. Toby Moffett, he is genuinely sympathetic with the consumer protection issues but at the same time is opposed to giving a substantial increase of revenues to producers.

THE WHITE HOUSE

WASHINGTON

January 18, 1978

MEETING WITH REP. RICHARD BOLLING (D-MO-5)

Thursday, January 19, 1978

8:45 a.m. (15 minutes)

The Oval Office

From: Frank Moore

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3. As Chairman of the Joint Economic Committee, Bolling will be in a position to hold hearings on the budget, economic proposals and tax reform. You should make general remarks about the state of the economy, (how we established our goals and in large part met them), and the need for the economic package in order to keep a healthy, expanding economy from going into a slump.
4. As an energy conferee who has not been extremely active since the House passed the bill, Bolling needs to be reassured that we are not willing to accept anything in terms of an energy bill just to get a bill. While he clearly does not agree 100% with Rep. Toby Moffett, he is genuinely sympathetic with the consumer protection issues but at the same time is opposed to giving a substantial increase of revenues to producers.

THE WHITE HOUSE
WASHINGTON

January 19, 1978

Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. Please notify affected agencies of the President's decision.

Rick Hutcheson

TELLICO DAM LITIGATION

cc: Stu Eizenstat
Jim McIntyre
Charles Warren

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

Bob - pls notify affected agencies of Pres's

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

Decision

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	GAMMILL

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input checked="" type="checkbox"/>	WARREN


THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

January 18, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Robert J. Lipshutz 
SUBJECT: Tellico Dam Litigation

Subsequent to the meeting which you and the Attorney General and I had early last week, I have tried to work closely with the interested parties in an effort to arrive at a consensus in this matter. In addition to Justice and TVA, OMB and Interior and CEQ have expressed a particular interest in the case.

The objectives which we are trying to reach by the manner in which this case is handled in the Supreme Court are:

1. To protect the integrity of the Endangered Species Act.
2. To make certain that general appropriation acts, without specificity, do not supersede the effect of substantive law by implication.
3. Without sacrificing or weakening the above principles of law, to handle this case in a manner which would not encourage the Court to impede or stop the construction of the Tellico Dam because of the snail darter issue.
4. To handle the case in the Supreme Court in such a manner as not to tarnish the professional status of the Justice Department, which has been representing TVA in this case in the United States District Court and in the Circuit Court of Appeals, but at the same time to find a way in which differing legal arguments and interpretations can be presented to the Court for its consideration by other interested parties, wherever such differences do exist.

Attached is a memorandum from the Attorney General to you.

With reference to the last paragraph in this memorandum, Interior (in cooperation with OMB and CEQ) has elected to file an appendix to the brief of the Department of Justice based upon the conclusion that the brief prepared by Justice on behalf of TVA does not give appropriate interpretation and/or emphasis of earlier judicial decisions as they relate to the principles of law set out in sub-paragraphs 1 and 2 above. The brief and appendix are substantially completed, and this written argument is due to be submitted by the end of the day on Thursday of this week.

The Attorney General personally has agreed to argue this case orally when it comes before the Supreme Court in several months. You will recall that the Solicitor General is disqualified because he served on the Circuit Court of Appeals which heard the case at an earlier date. It is my understanding that the Attorney General will try, insofar as possible, to reconcile the points of view of the interested parties when he presents the oral argument, and that he also will emphasize those grounds which might permit the Court to uphold all three of the basic principles set out in paragraphs 1, 2, and 3 above.

In addition to the legal proceedings, Interior Department immediately will commence proceedings under Section 7 of the Endangered Species Act, to try once again the consultation process between Interior and TVA, in the hopes of resolving this specific situation without awaiting a final judicial determination. I am advised by the Secretary of Interior that approximately 4500 problems of this nature have been successfully resolved heretofore by such proceedings, and that legal action has only been necessary in three cases, including the present one. Based upon the prior relationship between the current Board of TVA and the Department of Interior, we do not anticipate a successful resolution of this matter by this administrative proceeding; nevertheless, we will urge all of the parties involved to make a maximum effort to do so.

Furthermore, we are continuing to discuss with the interested parties the desirability of encouraging enactment of specific legislation now pending in Congress, which would make a specific exemption in this particular case that would not affect the general language of the Endangered Species Act but would permit the completion of this project in clear and unequivocal legislative language. Such legislative action would make the current case moot and hopefully could be consummated prior to any decision being made by the Supreme Court.

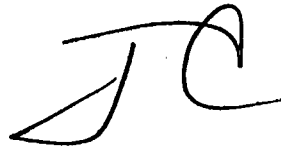
Justice and Interior concur in this procedure (although they will disagree in their legal arguments via the brief and its appendix). CEQ and OMB do not concur in this procedure, proposing that you direct the Attorney General to change its brief (see attached memo) by dropping entirely the (second) argument regarding the appropriations-by-legislation question.

Stu and I recommend that you approve this procedure. We would have preferred that Justice narrow, or drop, its (second) argument relating to the appropriations legislation question; but Justice feels that it is professionally and ethically required to present this argument in the Supreme Court as it had in the lower courts. Therefore, since the argument preferred by us is being presented in the appendix by Interior, we recommend your approval of this procedure as a preferable alternative to directing the Attorney General to drop the question entirely.

☒ Approve ☐ Disapprove

Recommended by
Justice, Interior, Stu
and Bob

Recommended by CEQ
and OMB

A handwritten signature, possibly "JC", is written in dark ink.



Office of the Attorney General
Washington, D. C. 20530

JAN 13 1978

MEMORANDUM FOR THE PRESIDENT


Re: Tellico Dam Litigation

You have asked me to outline the manner in which I propose to proceed in the Tellico Dam litigation before the Supreme Court. The Office of the Solicitor General has prepared a brief taking the following legal positions with which I concur.

Our principal argument to the Court is that the Endangered Species Act was not intended by Congress to bar the maintenance and operation of existing projects or to prohibit the completion of a project authorized, funded and substantially constructed before the Act was passed or the species was listed. The Act was not intended to be given retroactive effect and does not prohibit the completion of the Tellico Dam which was 80 percent complete and in which the Government had already invested \$80 million at the time the Little Tennessee River was listed as a critical habitat for one species of snail darter.

Because we believe this to be the correct interpretation of the Endangered Species Act, we will argue that it is unnecessary for the Court to reach the question whether the subsequent appropriation bills create a specific exception to that Act for the Tellico Dam. As the Court may, nonetheless, decide to consider this issue, we take the position in the brief that the Government endorses the general principle of statutory construction that an appropriations bill ordinarily should not be read to repeal or amend an existing statute. However, in this particular case it is our contention that Congress specifically and expressly directed the President to expend appropriated funds to complete the dam after the Congress, as evidenced by the hearing records, committee reports, and floor debates, had considered in three consecutive appropriations the effect of the dam on the snail darter. The Congress, as it was empowered to do, legislatively directed the completion of the Tellico Dam, the Endangered Species Act notwithstanding.

As I have advised you, it is my judgment that these positions reflect the correct view of the law. If, after reviewing the Government's brief, the Secretary of the Interior or the Director of OMB still strongly disagree with my legal conclusions, under the unique circumstances of this case I am prepared to include as an appendix to the brief the separate dissenting views of the Secretary and the Director. With your concurrence, I will proceed in this manner.

A handwritten signature in cursive script, reading "Griffin B. Bell".

Griffin B. Bell
Attorney General

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

January 18, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre *Jim - see addendum*
Charles Warren *Charles*

SUBJECT: Tellico Dam Litigation

OMB and CEQ believe you should know that despite the understanding set forth in the Lipshutz memorandum the Acting Solicitor General intends to file a brief which asserts the doctrine of "legislation by appropriation". We believe this is at variance with your policy.

The Solicitor General's proposed brief states:

"The use by Congress of appropriations legislation to manifest its intent with respect to Tellico and the need for recourse to the legislative history to establish that intent are consistent with the conclusion that Congress intended Tellico to be completed and utilized notwithstanding the Endangered Species Act."

The brief further states that a project may be completed if Congress (with knowledge that completion of a substantially finished project would violate the Endangered Species Act) "continues to approve the project by appropriating funds for its completion and specifically states, through reports of appropriations committees, that it should be completed."

The brief points to three supports for its conclusion:

1. Appropriations to complete the project have been made by Congress for the past three years.
2. Appropriation committee reports expressed the view that the Endangered Species Act was not intended to halt construction of projects such as this one.

3. The 1977 Appropriations Act (passed after the Court of Appeals decision) appropriated \$2 million "to carry out the purposes of the Endangered Species Act of 1973 (Public Law 93-205), as amended, including cooperative efforts as contemplated by that Act to relocate endangered or threatened species to other suitable habitats as may be necessary to expedite project construction." (emphasis added)

The first two points reflect the "legislation by appropriation" argument and conflict with the Administration's view. The last point refers to an appropriation to implement, not to exempt the Tellico Dam project from the requirements of the Endangered Species Act.

While we are in general agreement with the other and principal argument in the brief of the Acting Solicitor General, we believe that its "legislation by appropriation" argument is inconsistent with your policy and should be dropped.

OMB Addendum

OMB's specific concern is that the Attorney General's second argument would (1) reinforce the argument by seekers of Federal funds that Appropriations Acts are a mandate to spend, and (2) lend credibility to the argument (discredited by the Comptroller General, OMB and the Federal courts) that Appropriations Committee report language is binding law.

OMB and CEQ recommend that you instruct the Attorney General to delete "legislation by appropriation" argument.

Approve _____

Disapprove _____

WASHINGTON

DATE: JAN 18 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

JODY POWELL

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT LIPSHUTZ MEMO DATED 1/18/78 RE TELlico DAM LITIGATION; ATTACHED
IS ATTORNEY GENERAL MEMO DATED 1/13/78 RE SAME

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY

JAN 18 78

ACTION REQUESTED: THIS MEMO IS FORWARDED TO YOU FOR YOUR INFORMATION

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

Electrostatic Copy Made
for Preservation Purposes

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

January 19, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Sm*
SUBJECT: State of the Union Message

Attached are the two signature copies of the State of the Union Message, which you saw this morning. If you approve, the Message would be physically delivered to Congress *late* this afternoon, but held for official distribution until after your Address.

As you requested, I have reviewed the comprehensiveness of the Message. I believe the Message is very comprehensive; it includes every significant item on the agenda prepared by the Vice President and covers every Presidential initiative of interest to our constituent groups.

TWO SIGNATURES REQUESTED

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

January 19, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *SE*
SUBJECT: Arab Boycott Regulations

David Rubenstein and I have spent an enormous amount of time in the last few weeks working with the Commerce Department to get their Arab boycott regulations into shape.

After much tugging and pulling, I believe that they are now acceptable both to the Jewish groups and the business groups. The original proposed regulations were viewed as too imbalanced in favor of the business community. I believe that they are now more balanced.

The Treasury Department regulations on the Ribicoff anti-boycott amendments will come out on Friday. We have not had the opportunity of working closely on these. I suspect they will generate more opposition from the Jewish groups but general approval from the banking community.

C

WASHINGTON

DATE: JAN 19 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

MARK SIEGEL

BOB LIPSHUTZ

JODY POWELL

ZBIG BRZEZINSKI

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT EIZENSTAT MEMO DATED 1/19/78 RE ARAB BOYCOTT REGULATIONS

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY

JAN 19 78

ACTION REQUESTED: THIS MEMO IS FORWARDED TO YOU FOR YOUR INFORMATION

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

STATE OF THE UNION ADDRESS

U.S. CAPITOL

Thursday - January 19, 1978

Departure: 8:42 p.m.

From: Tim Kraft

SEQUENCE

8:42 p.m.

You and Mrs. Carter board motorcade
on West Executive Avenue and depart
en route U.S. Capitol.

8:50 p.m.

Motorcade arrives U.S. Capitol (House
steps).

PRESS POOL COVERAGE
CLOSED ARRIVAL

You will be met by:

Elwin Rayden, Sergeant at Arms, U.S.
House of Representatives
George M. White, Architect of the Capitol

Escorted by Mr. Rayden and Mr. White,
proceed to holding room (H210).

NOTE: Mrs. Carter will be escorted to
her seat by James Rohan, Doorman.

8:52 p.m.

Arrive holding room.

PERSONAL TIME: 7 minutes

NOTE: Members of the Cabinet and Joint
Chiefs of Staff will be in the
holding room.

2.

8:55 p.m. Members of the Cabinet and Joint
 Chiefs depart holding room en route
 House Floor.

8:59 p.m. Escorted by a delegation of Members
 of the House and Senate, depart holding
 room en route House Chamber.

9:00 p.m. You arrive House Chamber and pause for
 announcement.

 Announcement by James Molloy,
 Doorkeeper of the House.

 You proceed down center aisle of House
 Chamber to podium.

9:01 p.m. PRESIDENTIAL REMARKS.

 FULL PRESS COVERAGE
 LIVE NATIONWIDE TELEVISION

9:30 p.m. Your remarks conclude. You depart podium
 and proceed to motorcade for boarding,
 greeting Members of the House and Senate
 along the way.

9:40 p.m. Motorcade departs U.S. Capitol en route
 White House (North Portico).

9:48 p.m. Arrive North Portico.

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON,

EYES ONLY

January 16, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze dcs

Subject: Fourth Quarter GNP

On Thursday (January 19) the Commerce Department will release its first published estimate of real GNP in the fourth quarter of 1977. Growth of real GNP last quarter is estimated at a 4.2 percent annual rate, compared with 5.1 percent in the third quarter.

The reduction in GNP growth between the third and fourth quarters entirely reflects a decline in inventory investment. Final sales (all categories of GNP other than inventories) accelerated sharply, rising at an annual rate of 6-3/4 percent, adjusted for inflation. This very large increase was led by consumer spending, but there was a strengthening also in business fixed investment.

The jump in consumer buying was not expected, and production schedules of businesses were not geared up for it. Consequently, the rate of inventory accumulation fell markedly. A fairly sizable increase in real GNP is therefore likely in the first quarter of this year, as businesses seek to rebuild stocks.

Over the four quarters of 1977, real GNP rose by 5-3/4 percent. This increase is about what we expected at the beginning of 1977, but it generated a larger increase in employment than we had anticipated. Productivity gains were poor in 1977, and that is not a good omen for prices or standards of living.

The GNP deflator went up 5.9 percent over the four quarters of 1977 -- slightly less than the underlying rate of inflation. The average price increase of items in GNP other than imports and exports was about 6-1/2 percent.

10:15 AM

THE PRESIDENT HAS SEEN

THE WHITE HOUSE
WASHINGTON

②

January 18, 1978

MEETING WITH REP. JOHN RHODES (R-1-AZ)

Thursday, January 19, 1978

10:15 a.m. (15 minutes)

The Oval Office

From: Frank Moore *JM/or.*

I. PURPOSE

To discuss the legislative agenda for the coming year with emphasis on the economic package, the postal reform bill, hospital cost containment, and the Central Arizona project.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background: John Rhodes was first elected to the House in 1952 and elected Minority Leader in 1973, succeeding Jerry Ford. While the Minority Leader has been an avid partisan, he has gone out of his way to cooperate with our staff by introducing us to the Minority staff on the Hill and offering his offices to facilitate any mutually beneficial exchange of views and ideas that may arise.

NOTE: He, along with other members of the Minority, have been invited to a joint leadership breakfast with you on Tuesday, January 24.

Participants: The President and Minority Leader Rhodes.

Press Plan: White House Photographer.

III. TALKING POINTS

1. You should begin with an overview of the priorities for this coming year. The Republicans, in the past, have not supported the majority of your energy program proposals. They will, as a group, be more susceptible to the international pressures of the dollar and the general dampening effect on the economy that a failure to produce an energy bill will result in.

2. In discussing the economic package, you should stress the size of the business tax cuts and downplay the reforms, except to indicate that they make up a substantial portion of the revenues and are necessary to have any hope of balancing the budget by 1981.
3. The postal reform bill that is pending in the Rules Committee has been consistently opposed by the Minority during the mark-up process. They have expressed concerns about tripling the size of the subsidy and we could expect them to be supportive of a move to postpone the bill after the Rules Committee vote.
4. Rep. Rhodes expects that we will be making substantial efforts on behalf of the hospital cost containment bill, the Alaskan D-2 lands bill, and the OCS bill. It is unlikely that we will attract much support on any of these matters from the Minority.
5. On a personal basis, Rep. Rhodes has an interest in seeing the Omnibus Judgeships bill proceed. He would like one additional judge from Arizona, but would be generally supportive of the legislation even without it.
6. At some point during the conversation, you might want to mention that the Central Arizona Project is included in the Fiscal Year '79 Budget and is on an accelerated completion schedule over that of the FY '78 Budget.

THE PRESIDENT HAS DECIDED

THE WHITE HOUSE

WASHINGTON

January 18, 1978

MEETING WITH SENATOR RUSSELL LONG

Thursday, January 19, 1978

9:30 a.m. (30 minutes)

The Oval Office

From: Frank Moore

I. PURPOSE

To discuss energy matters, tax reform and other aspects of the 1978 agenda.

II. BACKGROUND, PARTICIPANTS, & PRESS PLAN

A. Background: Senator Long is still concerned that there are not enough votes in the Senate to pass the bill if it contains the crude oil equalization tax. He has pointed out that Administration supporters like Senator Hollings have flatly stated that they will vote against COET and will filibuster any bill which contains it.

B. Participants: The President
Senator Long
Frank Moore

C. Press Plan: White House photographer only.

III. TALKING POINTS

Tax Reform

1. Secretary Blumenthal briefed Senator Long today (Wednesday) by telephone on the details of your tax package. You should ask him for his reaction.

2. In your meeting with Congressman Ullman Tuesday, you discussed a rough schedule for passage of the tax package. You should urge Chairman Long to deal with the tax package as expeditiously as possible, just as Ullman plans to do in the House.
3. You should stress the importance of keeping the tax package in balance. As you know, general tax rate reductions are to be paid for in part by tax reforms saving \$10 billion.

Energy

1. In his telephone conversation with Secretary Blumenthal today, Chairman Long emphasized the difficulties in getting COET out of conference and through the Senate. He will probably repeat this to you and will strongly suggest that the only way COET can be salvaged will be through substantial producer incentives in order to make the bill more palatable in the Senate. You should be firm in your commitment to COET and make it clear to Senator Long that the energy producers will receive some favorable administrative oil pricing changes in exchange for which they will be expected to deliver many senators who previously expressed opposition to COET. Also, you should point out to Senator Long that COET is not likely to be voted on by itself but, rather, as part of an energy tax package which will have some attractive features.
2. Senator Long has consistently opposed the user tax -- he voted to impose all of the other taxes we proposed -- and appears unwilling to accept anything stronger than the Metzenbaum user tax amendment which was adopted on the Senate floor over Long's objections. You should try to push him in the direction of strengthening the Senate-passed provision as much as possible, since the user tax provides by far the greatest energy savings of any of the taxes in the National Energy Plan.
3. In general, Senator Long will paint a bleak picture, outlining for you all the reasons the energy tax bill is in trouble and cannot possibly pass. In response, you should be firm in letting him know that you are counting on him to work out a strong bill which is based on your original proposals, pointing out that without his help, the chances for a good bill are minimal. Any number of senators can kill the kind of energy tax measure that the country needs, but he is virtually the only senator who can insure that an acceptable bill passes.



~~CONFIDENTIAL~~

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

January 19, 1978

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

FROM: W. Michael Blumenthal, Secretary of the Treasury and *WMB*
Charles L. Schultze, Chairman, Council of Economic *CLS*
Advisors

SUBJECT: Contingency Planning with Respect to the Dollar

You asked for a memorandum identifying the options open to us in meeting contingencies with respect to the dollar.

Our basic objective with respect to the dollar and our balance of payments is to maintain a position which enables us to pursue our domestic economic objectives both in the short run and in the longer term within a healthy world economy.

Contingencies

The fact that we are growing faster than most other industrial nations, in combination with our large oil imports, has tended to put downward pressure on the dollar.

The contingency we need to worry about is not a modest and orderly further depreciation of the dollar. That should cause no major problem for us, although some other countries -- Germany in particular -- would complain. Given an outlook that shows no improvement in the U.S. trade balance over the next two years, we do not want to close the door on gradual exchange rate adjustment as a means of ultimately reducing the deficit.

We would be in serious trouble, however, if there should occur a massive capital flight from the dollar and a sharp depreciation of its value in foreign exchange markets. Failure to get an energy program might lead to this result. And, given the nature of foreign exchange markets, it could conceivably be set off by events we cannot now foresee.

Such a development could:

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- Depress economic growth and reduce unemployment abroad by adversely affecting business investment and consumer spending.
- Create major disturbances in money, capital and commodity markets that could threaten the stability of the domestic and international financial systems.
- Detract from U.S. ability to exercise leadership in world affairs, both political and economic. Foreigners equate a strong country with a strong currency.
- Exacerbate inflationary pressures in the United States by increasing import prices.
- Increase protectionist pressures as sentiment grew to curb imports as a means of aiding the dollar.
- Lead OPEC to raise the price of oil and shift to other currencies for oil investments.

We must avoid such developments.

Current Situation

Since the beginning of 1977, the dollar has declined by more than 20% against the Swiss franc and Japanese yen, and by 10% against the Deutschemark -- but by only 4.7% against all OECD currencies on a trade weighted average. The bulk of this change occurred in the fourth quarter when there was downward pressure on the dollar in the markets reflecting:

1. growing awareness of the size of the U.S. trade and current account deficits;
2. a perception that no effective actions were likely to be taken to halt and later reverse the deteriorating trend -- and in particular, doubts that an effective U.S. energy policy would be introduced;
3. recognition that with the German economy (and others) growing very slowly, our exports were not likely to show much expansion; and

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4. a perception that the U.S. was not concerned about its exchange rate.

Recently the situation has stabilized as a result of:

- your December 21 statement that we would intervene in the markets to the extent needed to counter disorderly conditions;
- announcement of a new Treasury swap facility with the German central bank, providing us with additional DM for intervention;
- a greater perception of U.S. concern about the dollar exchange rate;
- more U.S. market intervention: since December 21 we have sold foreign currencies (Deutschemarks) to the extent of \$977 million. Recently the problem has been particularly the DM-dollar rate.

The markets have been calmer lately. Nonetheless it is not clear that the psychology has turned, and the situation could deteriorate rapidly at any time. Our options:

More Intervention in the Exchange Markets

We are considering several techniques to obtain more foreign currency to finance intervention:

- A. Expand short-term Fed and ESF swaps with the Bundesbank and possibly other foreign central banks. A problem is that intervention expands the German money supply, which worries the Bundesbank. Treasury and the Fed are exploring possible ways to mitigate this effect, which could increase the Bundesbank's willingness to enlarge the present \$3 billion of swap arrangements.
- B. Sell special drawing rights for foreign currency. The U.S. could use some of its SDR holdings of SDR 2.3 billion (\$2.8 billion equivalent) to acquire foreign currencies. Preliminary discussions with the Germans suggest some willingness to sell us DM for SDR, up to several hundred million dollars.
- C. Issue medium-term, DM-denominated Treasury securities, as proposed by Arthur Burns. There are two possibilities: issues on the market or to official holders. This approach could provide us with

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substantial intervention resources that would not have to be repaid in the short-term. But there are major disadvantages:

- Such issues would imply long-term support of the exchange rate, which we do not want to commit and which could draw substantial Congressional criticism;
- If the terms were attractive enough to induce foreigners to purchase the securities, the offer could induce exchange transactions in the wrong direction, by encouraging dollar holders (including Americans) to sell their dollars to switch to this new DM asset;
- U.S. willingness to issue such bonds would trigger strong demands by OPEC and others for exchange rate guarantees on their large dollar holdings -- OPEC has been pressing for such "indexation" for some time;
- Specially attractive Treasury issues for foreign investors would bring strong U.S. public and Congressional criticism; and
- Although perhaps of relatively minor importance, such issues would expose the Treasury (the Fed would not be involved) to potentially very large exchange rate losses -- the U.S. went this route once before in the 1960's and is still paying off the debts at substantial cost.

We may in the end need to sell a limited amount of such issues to foreign officials -- specifically the Bundesbank -- if market conditions do not permit reversal of outstanding swaps within one or two years. Refinancing the swaps would provide a defensible rationale for confining such guarantees to one or a very few countries and currencies. But we believe the serious problems with foreign currency issues in general argue strongly against such issues except in this limited contingency situation.

Another possibility, which we do not recommend for consideration at this time, is a U.S. drawing on the IMF. We have a reserve position in the IMF of about \$5 billion,

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which could be drawn upon a formal representation of balance of payments need. Large U.S. drawings, however, would virtually eliminate the IMF's balances of usable currencies, would raise serious questions about U.S. participation in the Witteveen Facility and could trigger an adverse market reaction as a sign of U.S. weakness.

Other Possible Actions

Although it is not a source of foreign exchange, we are planning to initiate modest gold sales as you have authorized. Such sales might reduce net U.S. gold imports by \$400 million or more per year. We have not decided on the timing, in part because of the forthcoming French elections. Again, however, any implication that gold sales were being instituted as a desperate measure to defend the dollar could have a perverse market reaction.

At this point we are hopeful that expectations can be changed so as to reduce the market pressures on the dollar. Much will depend on early Congressional approval of an energy program, public appraisal of the economic policies you will be announcing in the next few days -- and prospects for European economies (e.g., growth in Germany and political developments in Italy). Fukuda's 7% growth target is helpful, but German unwillingness to take more expansionary measures is very discouraging and damages the prospects.

What Else, If necessary

If developments are not favorable -- if Congress fails to pass an energy bill -- the market situation could worsen seriously at any time in the months ahead. Market intervention in such event would probably not be adequate. There is too much potential for shifts in the timing of payments for our trade (running at \$300 billion per year) and for shifts of financial assets out of dollars. We would have difficulty financing the intervention, and other countries (most specifically Germany) would not want the impact on their domestic money supply.

Should such a situation develop, we might need to consider much more significant moves in the energy area -- such as a temporary import fee on oil. The fee would be

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designed to remain in effect only until a satisfactory energy bill were in place. Such an action might help to galvanize public pressure for action on the energy legislation.

Another possibility would be to suggest a more rapid build-up of the wellhead tax on domestic oil.

Some More Extreme Steps

If these various measures failed and we came face to face with an imminent threat of massive capital movements, we would have to consider

- controls over international capital movements,
- a surcharge on all (or most) imports, or
- sharp reduction in our domestic growth rate.

Any of these actions would have severe negative consequences. Capital controls would, moreover, probably be ineffective in stopping capital flight. The other alternatives might stop the exchange market pressure but would themselves pose threats to world trade and economic growth almost as serious as those posed by an exchange market crisis. We should not consider them except in a serious emergency. Certainly reducing our domestic growth rate through significantly higher interest rates because of dollar problems should be last on our list.

A final point: it seems to us that any major additional steps taken by the U.S. in coming months to stabilize the dollar should be accompanied by a renewed effort to convince Chancellor Schmidt to speed up growth rate as a companion action. The Germans share responsibility for the DM/dollar exchange rate. They are also the key to growth in all of Europe -- the French, for example, have said that if the Germans would grow faster they would also be willing to do so. Nothing we could do would have as positive an impact on that rate as an announcement from their side that they are increasing their target for economic growth above the present inadequate level.

Summary

We are proceeding with exploring expanded swaps and sales of special drawing rights, as well as planning gold

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-7-

sales. We do not plan to issue foreign-denominated securities at this time.

Any significant action on oil will be dictated principally by the pace of progress on the energy legislation.

We do not contemplate any of the more drastic steps at this time -- these further steps would, of course, involve major Presidential decisions.

CLASSIFIED BY ANTHONY M. SOLOMON
SUBJECT TO GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
AUTOMATICALLY DOWNGRADED AT TWO
YEAR INTERVALS AND DECLASSIFIED
ON DEC. 31 1984

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THE WHITE HOUSE
WASHINGTON

January 19, 1978

Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

TOKYO ROUND

CONFIDENTIAL ATTACHMENT

THE WHITE HOUSE
WASHINGTON

1/18/78

Mr. President:

CEA and Treasury had no
comment on Strauss' memo.

Rick

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
X	STRAUSS (big phone only)
	VOORDE
	WARREN

of his
memo

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THE WHITE HOUSE
WASHINGTON

INFORMATION

January 18, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY OWEN *H.O.*
SUBJECT: Tokyo Round

The United States and other countries participating in the multilateral trade negotiations are scheduled to table their detailed tariff-cutting offers in Geneva this Friday. Bob Strauss' status report is attached.

The working hypothesis of the tariff negotiations is that each country will make offers to cut its tariffs an average of 40%, with high tariffs to be cut proportionately more than the low tariffs. The US offer about to be tabled would reduce tariffs on the average by about 45 percent. If the other countries were to match our offers, the negotiations would result in deeper cuts than the Kennedy Round (35 percent). This is not likely to be the case, for reasons indicated below:

The Council of the European Community agreed yesterday to indicate that the EC would be prepared to begin negotiations on the basis of an average tariff reduction of 38 percent. But the Council qualified this statement by making an entry in the Council minutes indicating that the reduction of the EC external tariff should be between 25 and 35 percent. This means that the EC, prodded by the French, will be looking for excuses to back off from its initial offer.

The US offer will provide opportunities for the EC to do this. Because of political sensitivities in this country, about 8 percent of US total dutiable imports of non-agricultural and non-petroleum products will be excepted from the initial US offer, and another 5 percent will be subject to less than 40 percent tariff cuts. These exceptions will be mainly apparel, leather, electronic, and other light manufactured products. Some of these products are of interest to EC member states. Thus France and others will be able to insist that the EC respond to these US exceptions by pulling back on some items of interest to the United States. This will probably mean that the tariff-cutting results of the Tokyo Round will be less far reaching than realized in the Kennedy Round.

Developing countries will argue that the US offer fails to give them the special and differential treatment agreed on in the Tokyo Declaration. They will also point out that the US offer would result in an average cut of about

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Jay Dulgo

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2

33 percent on products of primary interest to them, substantially less than the offer we are making on products of interest to the industrialized countries.

In reply, US negotiators will cite the limited reciprocity offered by the developing countries and stress that our tariff-cutting offer on items of interest to the LDS, other than textiles and light manufactures, will range from 46 to 77 percent. Nonetheless, we can expect the LDCs to take every opportunity to put pressure on us to be more forthcoming.

I see no practical alternative to going ahead on the current basis. Even if we had enough time to improve our offer marginally, and even if this could be done without unacceptable domestic political risk, the overall configuration would not be altered materially. Thus I conclude that the US offer, as it now stands, should be tabled in Geneva this Friday.

Attachment:
Strauss' Report

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THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

9 JAN 1978

MEMORANDUM TO THE PRESIDENT

FROM : Robert S. Strauss *R.S.S.*
SUBJECT : U.S. Offers in the Multilateral Trade Negotiations

This is a brief report on the status of the multilateral trade negotiations (MTN) in Geneva, particularly with respect to the tabling of U.S. and other countries' offers in mid-January, which will mark the beginning of the negotiating stage. You will recall that last summer we agreed with the European Economic Community (EC) to a timetable for getting the negotiations under way. This timetable required that offers on tariff and nontariff measures would be tabled during the week of January 15, 1978. The tabling of such offers would set the stage for the months of hard bargaining that will be necessary to conclude an agreement.

The countries participating in the MTN have agreed that offers on agricultural tariffs and nontariff measures would be made in response to specific requests from other countries. Offers on particular industrial nontariff measures would also be made in response to such requests and would be additional to multilateral negotiations that are directed toward the development of general rules or codes on government procurement practices, subsidies and countervailing duties, product standards, customs valuation, quantitative restrictions, and import licensing. Outlines or texts of draft agreements on these subjects have been developed to serve as negotiating documents.

An informal understanding has been reached that tariff offers by developed countries on industrial products would be tabled according to a harmonization formula proposed by Switzerland that requires larger reductions on high rates of duty than on low rates of duty and that would result in an average tariff cut of 40 percent. It appears, however, that the EC will not be in a position to table a detailed offer to achieve this result. In fact, as you know from your discussions last week in Paris and Brussels, the EC's ability to table any tariff offer, in the light of the French elections in March, will depend on the outcome of a Council of Ministers meeting on January 17. However, we anticipate that Japan and Canada will table a detailed and comprehensive offer at the same time as the United States.

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- 2 -

During the course of the negotiations there will undoubtedly be some slippage from this 40 percent average cut. The Kennedy Round, for example, resulted in an average cut of 35 percent even though the original objective was 50 percent.

Over the past several months we have been preparing the U.S. offers to be tabled during the week of January 15. These offers have taken into account the recommendations of the industrial, agricultural, and labor advisory committees; the advice of the U.S. International Trade Commission with respect to economic sensitivity; the public hearings conducted by this Office; consultations with Members of Congress; and various correspondence from the private sector. They are now being reviewed and within a few days should be approved by the interagency Trade Policy Committee structure.

U.S. offers will be well within the authority granted to you by the Congress under the Trade Act of 1974. Careful account has been taken of the potential effects that these offers, if implemented, would have on U.S. production and employment. As required by the Trade Act, no tariff offers will be made on petroleum and petroleum products, certain ceramic dinnerware, stainless steel and alloy tool steel, ball bearings, non-rubber footwear, and color television sets. Because of their economic sensitivity, no offers, or very limited offers, will be made on many textile, glass, and leather products. Furthermore, for various reasons offers are being deferred on benzenoid chemicals and rubber footwear, which are subject to the American Selling Price basis of customs valuation, and on all pending escape-clause cases -- ferrochromium, nuts and bolts, stainless steel flatware, CB radios, and slab zinc.

The U.S. offers to be tabled during the week of January 15 will mark only the beginning of the negotiations. In addition to receiving overall reciprocity from other countries, the maintenance of many of these initial offers is conditioned on receiving specific tariff and nontariff concessions. Consequently, some U.S. offers will undoubtedly be withdrawn during the course of the negotiations. Additional U.S. offers might also be made in response to the requests of other countries in exchange for additional trade concessions on their part.

During the next few months I shall try to work out the best possible deal. Before concluding any agreement I will consult closely with the Congress and will submit the final package of U.S. and foreign tariff and nontariff concessions to you for your approval.

ID 780038

THE WHITE HOUSE
WASHINGTON

MON 1-16-78
mtg on this
subject per
Rab Ginsburg

DATE: JAN 09 78

FOR ACTION: STU EIZENSTAT

ZBIG BRZEZINSKI

attached hold -
on Sage

Bill Kelly

INFO ONLY: THE VICE PRESIDENT

FRANK MOORE (LES FRANCIS)

JIM MCINTYRE

CHARLES SCHULTZE

FROM: RICK HUTCHESON WHITE HOUSE STAFF SECRETARY PHONE 456-7052

SUBJECT US OFFERS IN THE MULTILATERAL TRADE NEGOTIATIONS
LIMITED OFFICIAL USE

RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY

BY 1200 PM WEDNESDAY JAN 11 78

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD; DO NOT FORWARD.

PLEASE NOTE OTHER COMMENTS BELOW:

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MEMORANDUM

NATIONAL SECURITY COUNCIL

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January 11, 1978

MEMORANDUM FOR: RICK HUTCHESON

FROM: CHRISTINE DODSON *Christine*

SUBJECT: Strauss' Memo to the President of January 9

The purpose of Bob Strauss' memo is to give the President some preliminary background information on an issue that will go to him next week for decision. (U)

Strauss' memo describes some of the considerations relating to the nature of the US tariff-cutting offer. But there are important factors it does not deal with. State, Treasury, and CEA are suspicious of the EC's intentions and are concerned that the U.S. not table an offer that will make it easy for the EC to pull back from its agreement in principle to table an average tariff cut of 40 percent. (C)

These agencies are in the process of preparing memos to the President setting forth their perspectives on the issue. These memos probably will not get here until tomorrow. (U)

We think that Strauss' memo should be held until Vance, Blumenthal, and Schultze are heard from. We could then send one well-rounded package to the President for his background information. (U)

*Rick - If you should get the memos directly,
would you send them to us for handling
per my last paragraph.?*

Christine

Jan 11/80

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THE WHITE HOUSE
WASHINGTON

ok
I

Phil Wise asked that letters go to these three, and to all the advance people and head's of teams from the White House (communications) since they had all worked so hard on the trip.

He assured me that he would not ask this type of thing after each trip, but felt the European one was special (and probably will feel that the upcoming ones are too).

I signed the ones to the advance people and communications.... but since these fellows know my signature...and really were the ones who kept the "ball rolling", unbeknownst to anyone....submitted them for your signature.

(I'll check on Mount - I don't know him)

January 19, 1978

To Day Mount

I want to thank you personally for all your help in making my recent trip abroad a success. I'm particularly grateful because so much time and effort was required over the Holiday period.

This journey helped us to advance several of our principal goals in foreign policy, and to build closer ties between the American people and the people of the countries we visited.

It was a great trip; and your efforts helped make it possible.

Sincerely,

Mr. Day O. Mount
Special Assistant to the
Assistant Secretary for Administration
Room 6316
Department of State
Washington, D.C. 20520

JC/sc/nm

38-2

Overseas trip

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*Susan
why?
J*

January 19, 1978

To David Anderson

I want to thank you personally for all your help in making my recent trip abroad a success. I'm particularly grateful because so much time and effort was required over the Holiday period.

This journey helped us to advance several of our principal goals in foreign policy, and to build closer ties between the American people and the people of the countries we visited.

It was a great trip; and your efforts helped make it possible.

Sincerely,

Mr. David Anderson
Deputy Executive Secretary
Room 7224
Department of State
Washington, D.C. 20520

JC/sc/nm

38

Overseas trips

JAN 27 1978

78-042-01835

January 19, 1978

To Rick Inderfurth

I want to thank you personally for all your help in making my recent trip abroad a success. I'm particularly grateful because so much time and effort was required over the Holiday period.

This journey helped us to advance several of our principal goals in foreign policy, and to build closer ties between the American people and the people of the countries we visited.

It was a great trip; and your efforts helped make it possible.

Sincerely,

Mr. Rick Inderfurth
Special Assistant to the Assistant
to the President for
National Security Affairs
The White House
Washington, D.C. 20500

38-C

Overseas trip

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